

Carl Zeiss Meditec Group Investor Presentation

Justus Felix Wehmer, CFO



February 2025



01 At a Glance

02 Strategy

03 Facts and Figures

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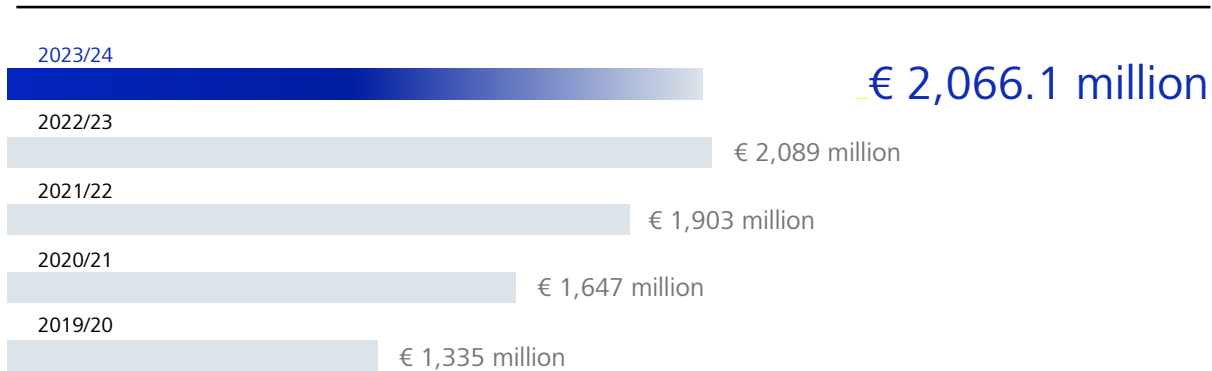


Leading market position in Ophthalmology and Microsurgery

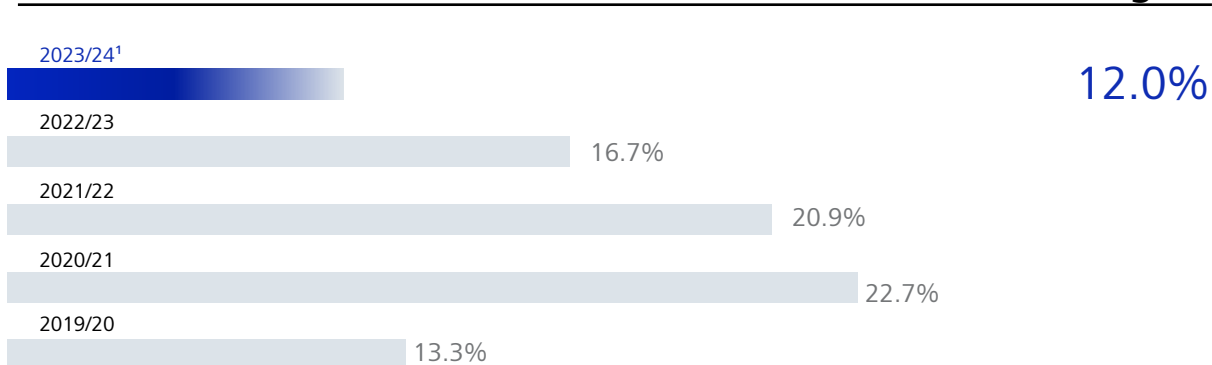
Solid revenue development over last 5 years



Total revenue



EBIT margin

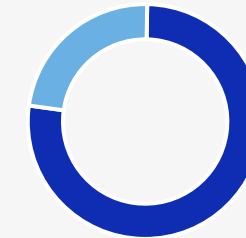


¹ 2023/24 EBITA margin at 12.0%, adjusted for amortization of PPA and impairment

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
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4
5



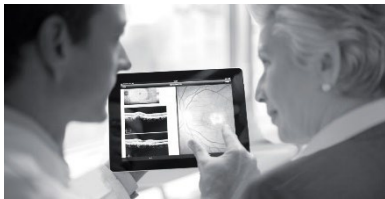
➤ Aging of the population and growing affluence
Continuously increasing volume of cataract surgeries



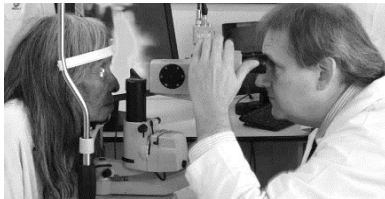
➤ Accelerating myopia and high myopia prevalence
Demand on premium vision quality



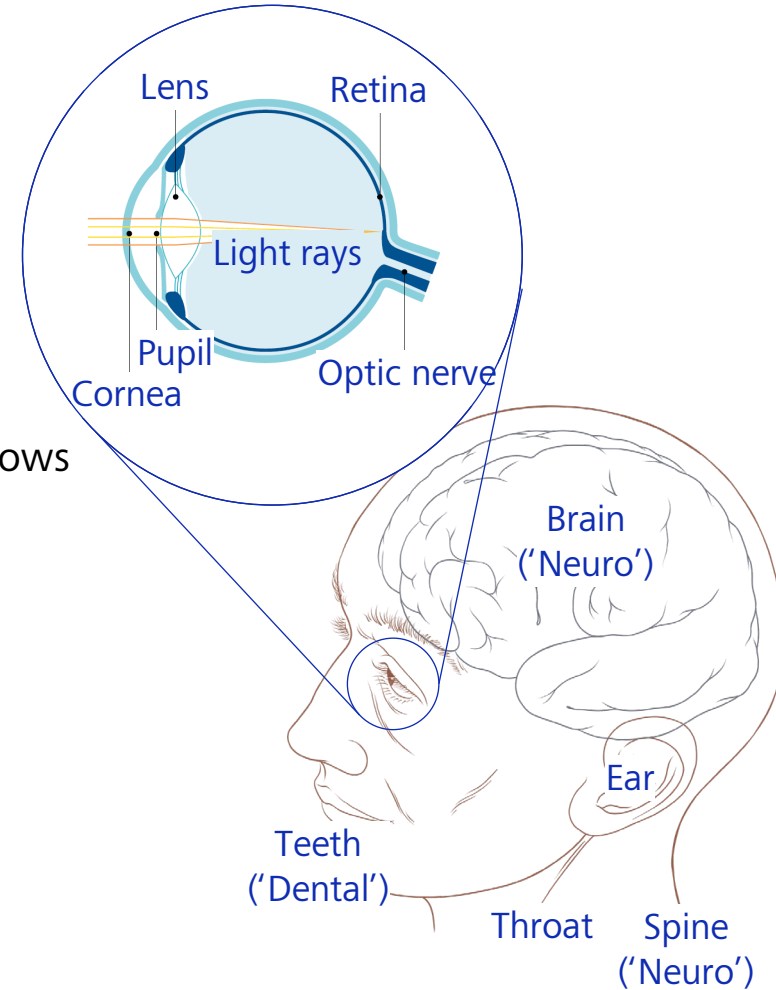
➤ Growing patient load requires more efficient workflows
Digitalization to re-shape healthcare



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

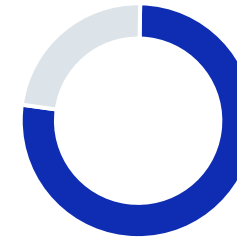
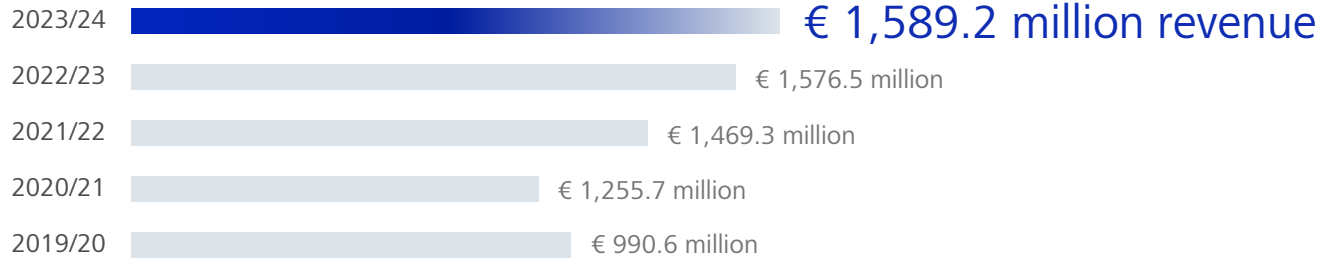


➤ Rising access to health care in RDEs



Ophthalmology

Advancing eye care - Every step of the way



OPT
77%
of total revenue

Reporting date September 30, 2024

Chronic Disease Mgmt



Market size¹:
~ € 2.5bn

Ophthalmic diagnosis

Refractive Surgery



Market size¹:
~ € 1.7bn

Corneal surgery for visual correction

Surgery Anterior Seg



Market size¹:
~ € 7.5bn

Cataract treatment

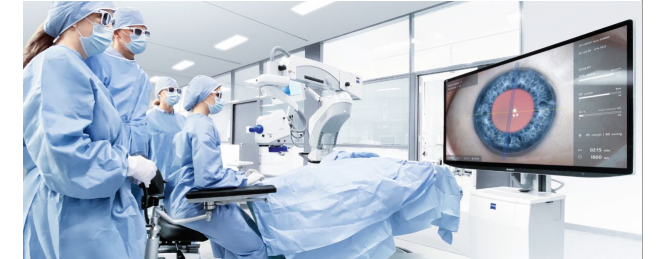
Surgery Posterior Seg



Market size¹:
~ € 2.0bn

Retinal treatment

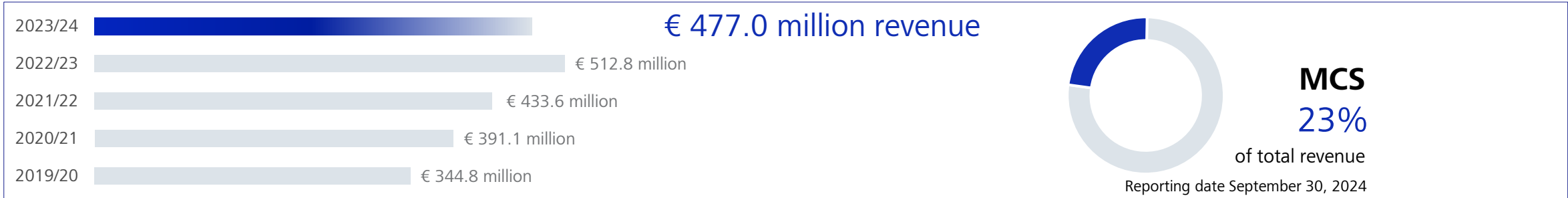
Customers: ophthalmologists, optometrists, ambulatory surgery centers, hospitals / eye clinics




¹ 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 visualization¹: > € 0.7bn; potential business field in treatment

Customers: clinics and hospitals, dental offices/clinics

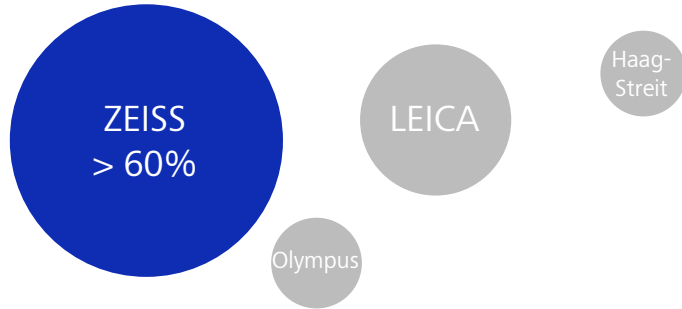


¹ CZM internal estimates

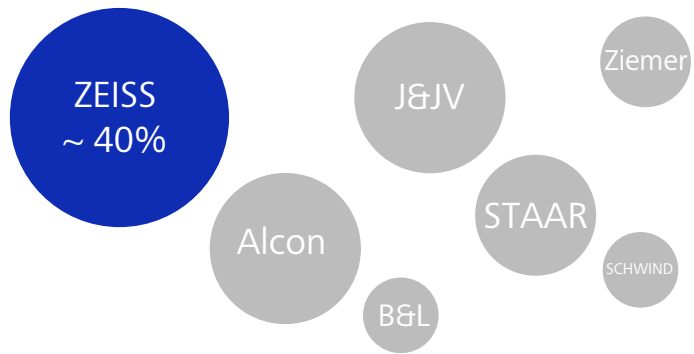
ZEISS has leading positions in its key markets



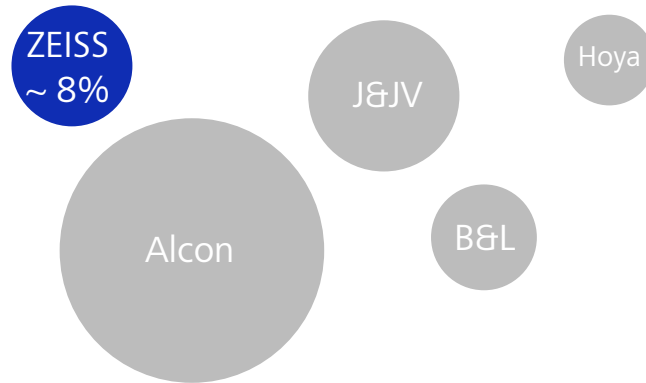
Most advanced in Visualization at **Microsurgery**



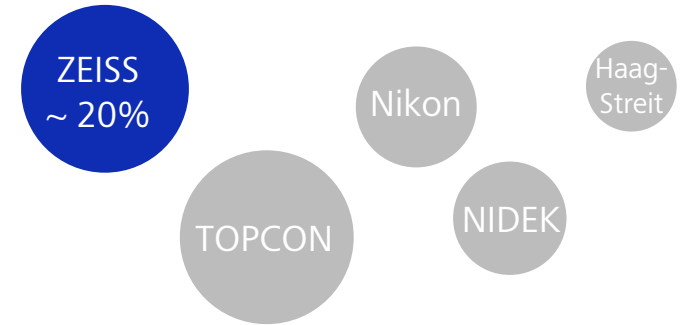
Top ranking in **Refractive Surgery**



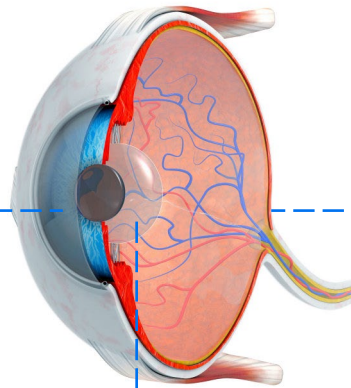
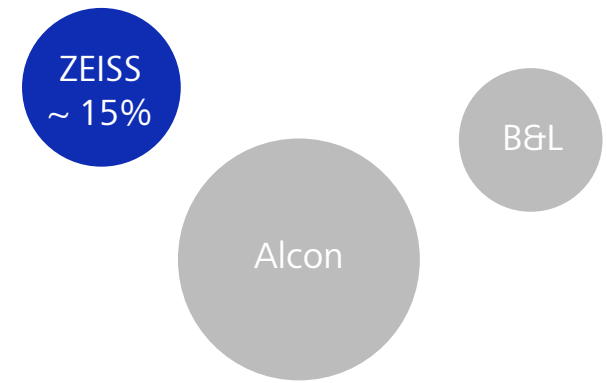
Growing position in large **Surgery Anterior Seg**



Key position in **Chronic Disease Management**



Leading offering in **Surgery Posterior Seg**



Source: CZM internal estimates, Marketscope

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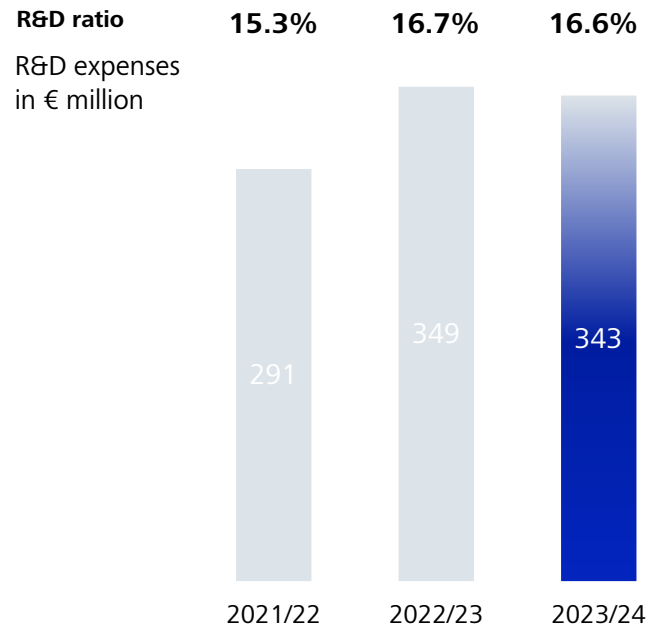
05 Appendix



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

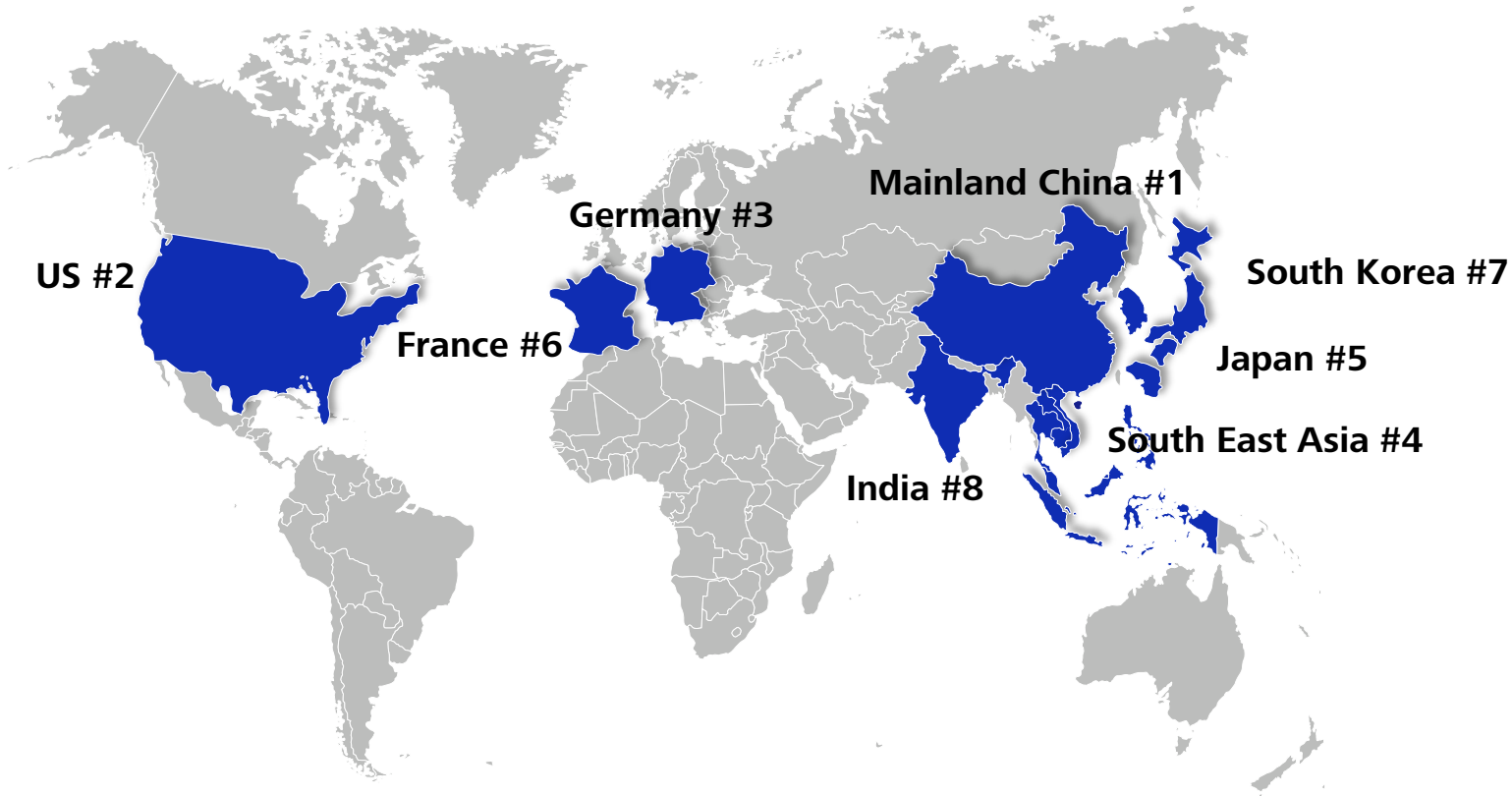
Integrated solutions supporting strong treatment outcomes and efficient workflows

We integrate our products into systems

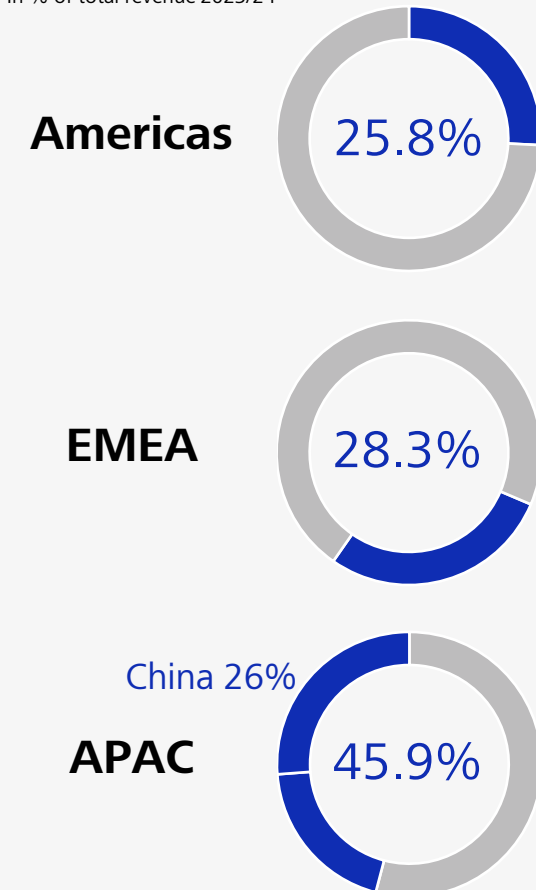
Geographical distribution – Strongest revenue generation from APAC



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



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

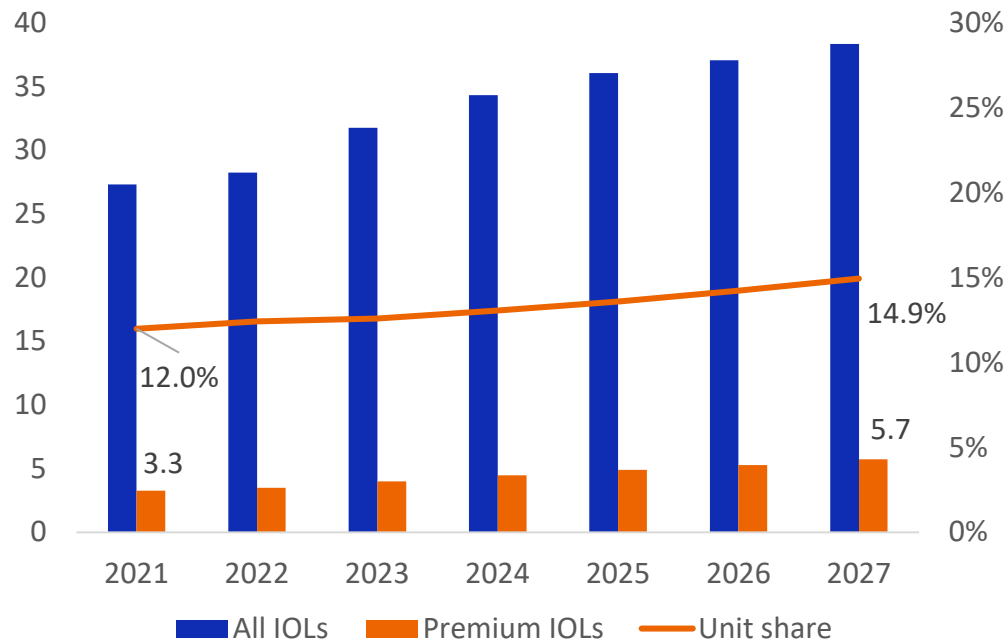


IOL market - Cataract surgeries projected to grow strongly

Accelerating Premium IOL growth

Premium IOL trend until 2027

in million units



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

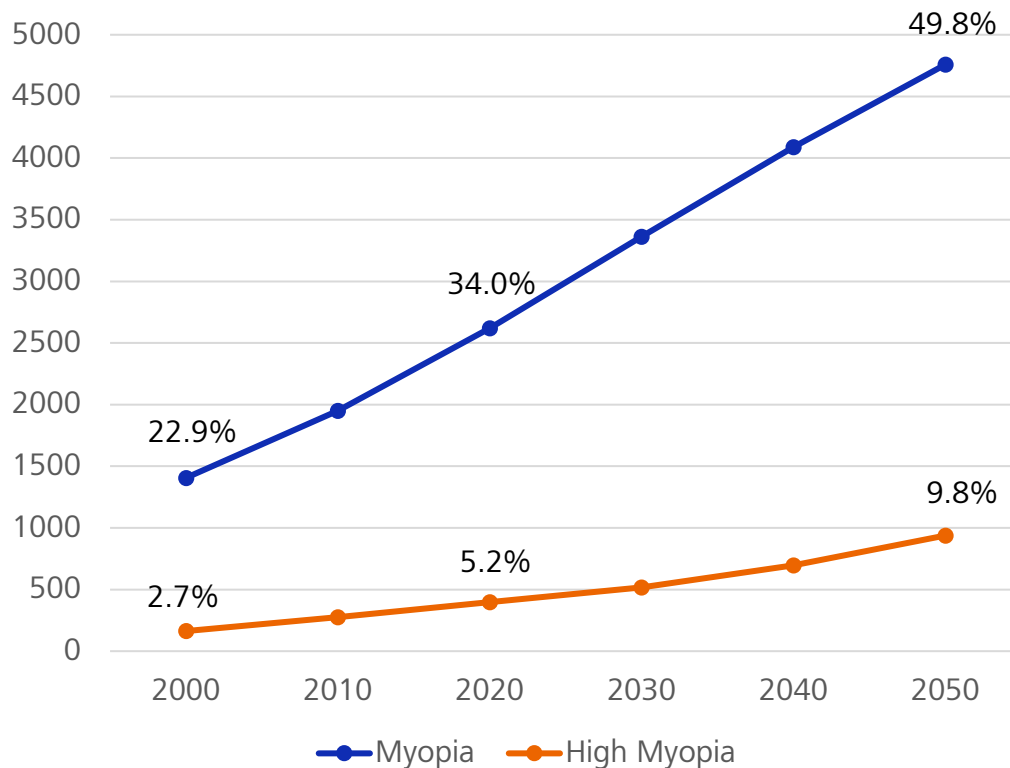
- Current cataract procedures around 25 m annually
- Market gradually recovered and is about to reach the pre-COVID level, catch-up of procedures anticipated to stretch out to further periods
- Premium IOL unit share (Premium IOL units / all IOL units) reached 12% while its revenue share reached 40%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



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



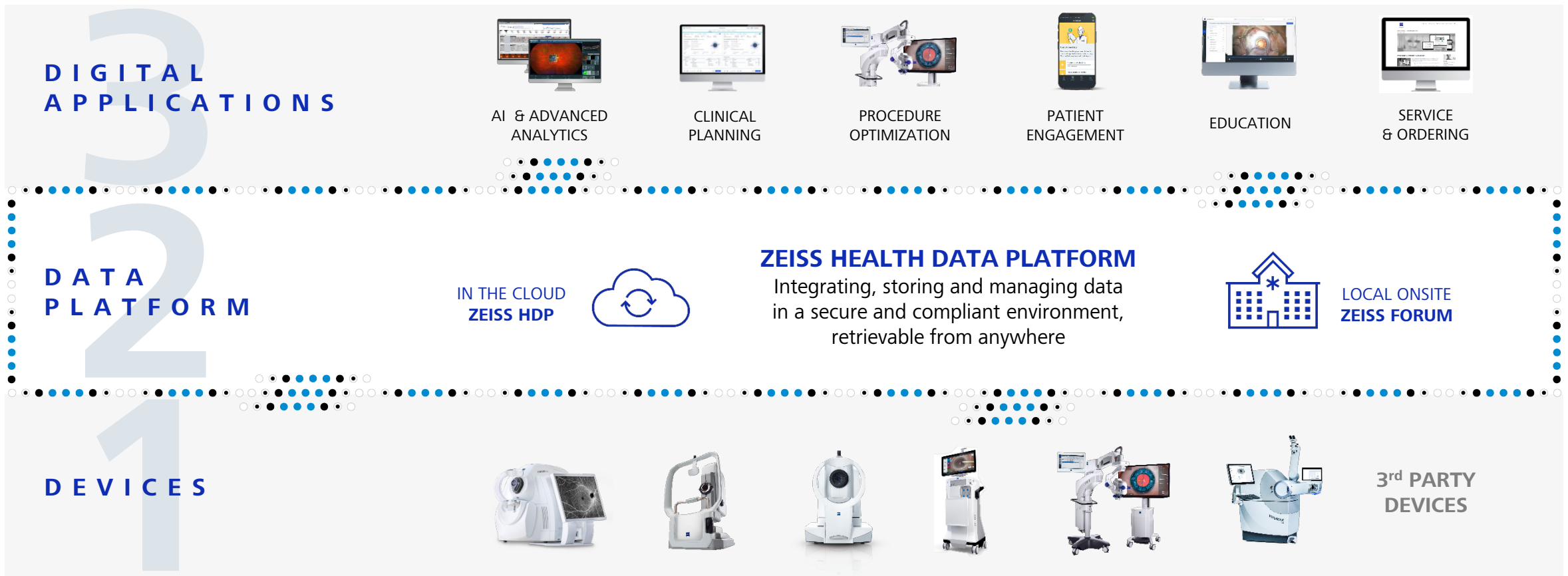
ZEISS Surgery Optimizer

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



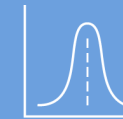
ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace

- Reduces transcription errors by eliminating multiple data entry points

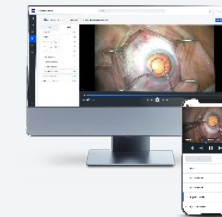


ZEISS VERACITY Surgery Planner / ZEISS EQ Workplace + ZEISS CALLISTO eye

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



STANDARDIZATION OF PRACTICE



ZEISS Surgery Optimizer

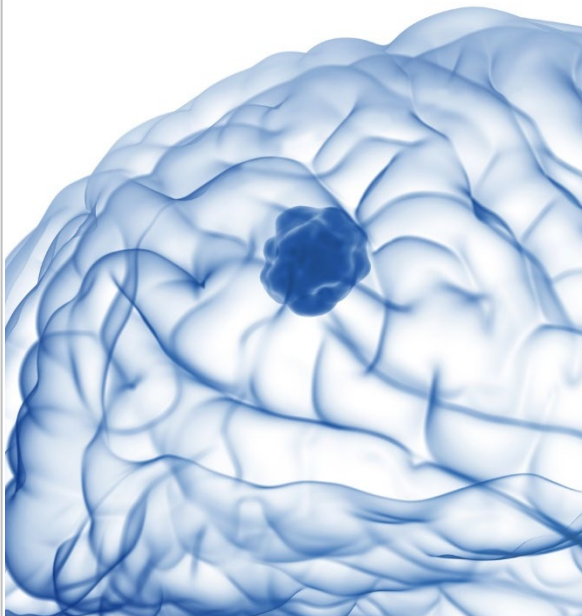
- Utilizes surgical videos to enable self-training & standardization of surgical techniques

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.

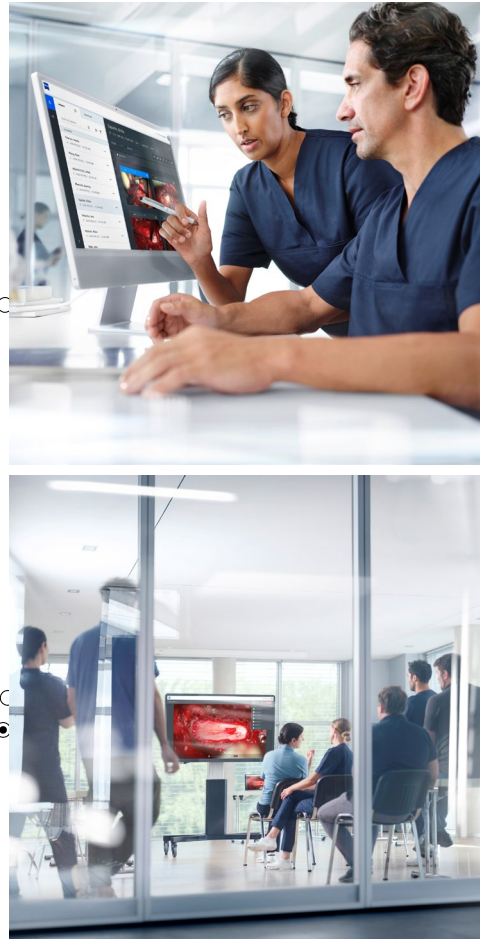
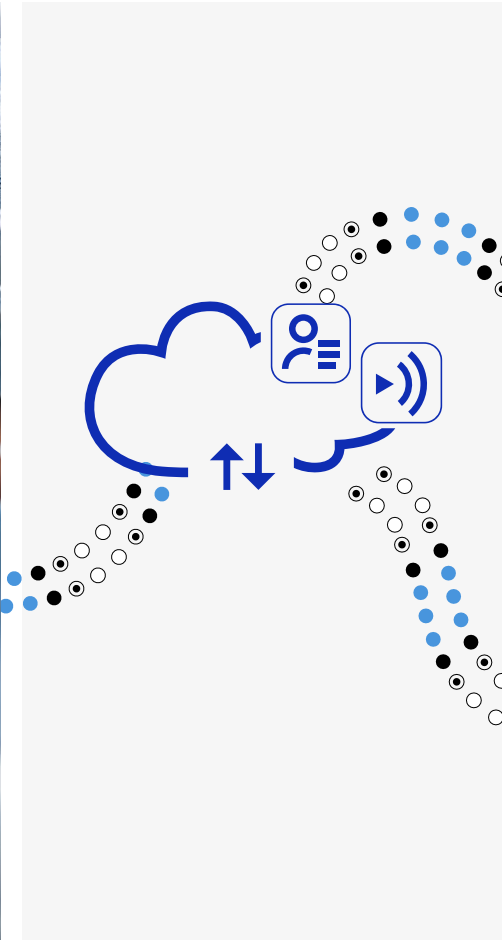


Precisely target and intraoperatively irradiate the tumor cavity.

ZEISS INTRABEAM 600



Leading digital solutions beyond optical capabilities



Visual Certainty



Seamless Performance



Integrated Connectivity

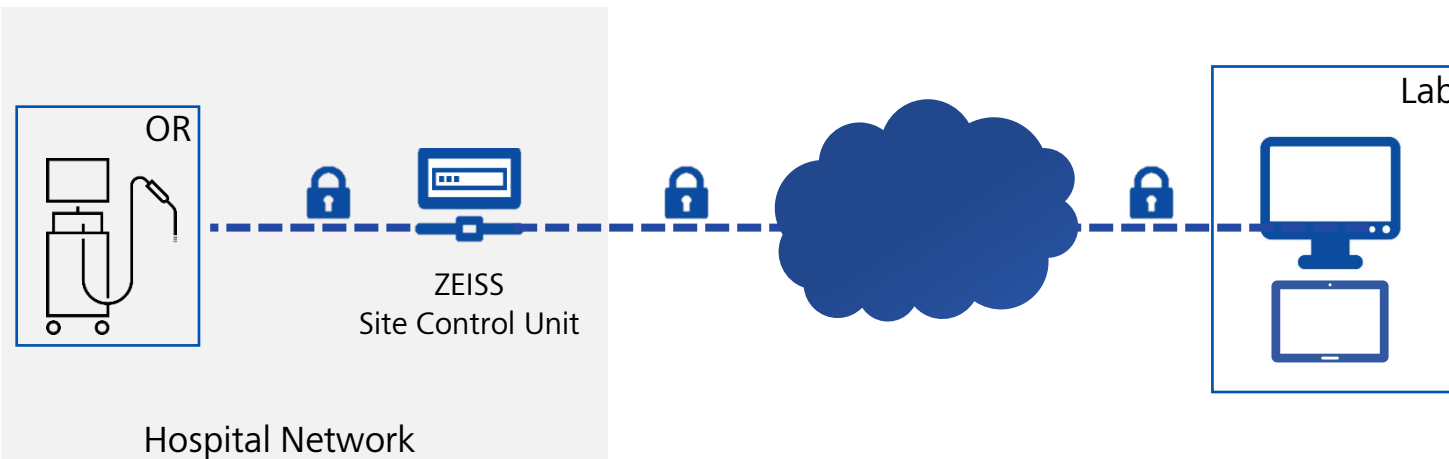
ZEISS Surgical Cloud and ZEISS Livestream

- 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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Slight reported revenue growth and improvement in order entry

Lower EBITA margin mainly due to product mix



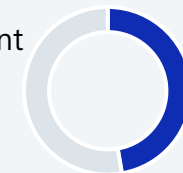
Revenue



€ 490.5m
+3.2%

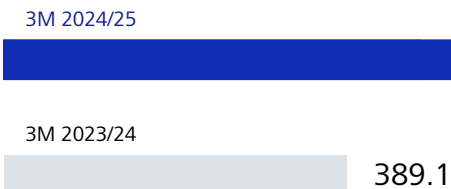
- FX-adj. revenue +3.3%
- FX- & acquisition-adj. revenue declined by -7.3%
- Recurring revenue at 47%
- Weak organic trend due to high comps for surgical microscopes and femtosecond laser systems (product cycle transitions) & weak investment climate ahead of potential stimulus in China and price decline for IOLs induced by volume-based procurement

Equipment



Recurring revenue
47.3%

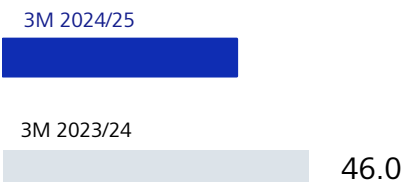
Order entry



€ 522.1m
+34.2%

- FX-adj. order entry +34.4%
- FX- & acquisition adj. orders grew by +21.4%, positive order trend across all regions
- Solid increase in order backlog at €382.2m (12M 23/24 at €282.9m)

EBITA¹



€ 35.2m
-23.5%

- EBITA margin at 7.2% (PY 9.7%)
- Significant decline in EBITA due to unfavorable product mix (lower share of neurosurgical microscopes, price decline for IOLs in China)
- OpEx excl. DORC slightly lower y/y due to cost control



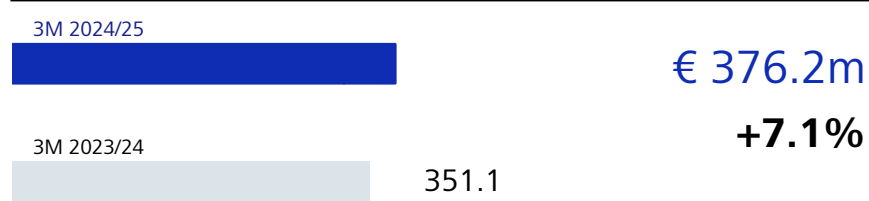
1. Earnings before interest, taxes and amortization on intangible assets from purchase price allocation

Ophthalmology

EBITA margin stabilized through DORC contribution and good cost control

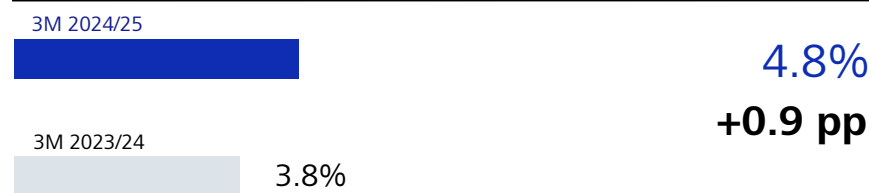


Revenue



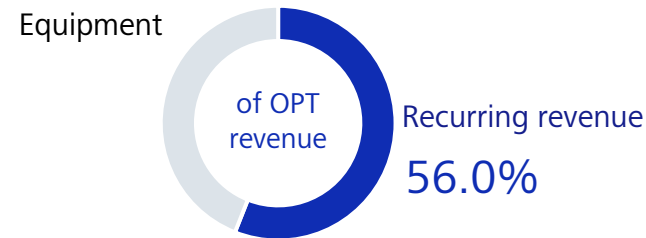
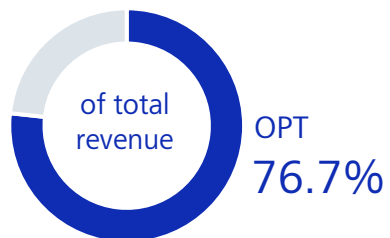
- FX-adj. revenue growth of +7.2%
- FX- & acquisition-adj. revenue declined by -7.1%
- Weaker underlying revenue mainly caused by product-cycle-effects in refractive equipment and price declines in IOLs in China from volume-based procurement

EBITA margin



- EBITA margin slightly improved despite negative mix effects:
 - Positive contribution from DORC consolidation
 - Reduction in underlying OpEx through cost control measures, mainly lower R&D

Revenue Split



Microsurgery

Temporary margin contraction due to weak top line and product mix



Revenue

3M 2024/25



€ 114.3

-7.8%

3M 2023/24



123.9

- FX-adj. revenue decline of -7.8%

- Weak neurosurgery business due to product cycle transition to new KINEVO® 900 S

- Lower sales to China amid expectation of potential stimulus measures

EBITA margin

3M 2024/25



15.1%

-11.1 pp

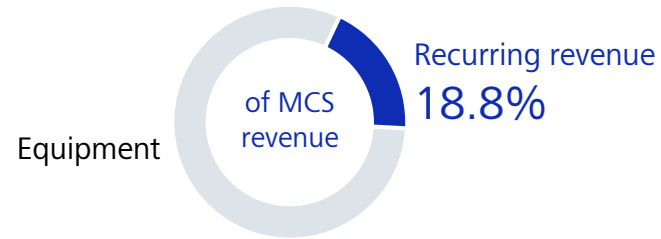
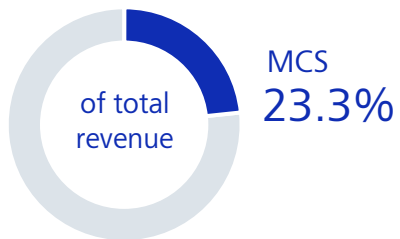
3M 2023/24



26.2%

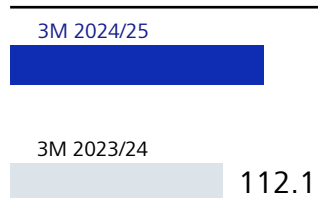
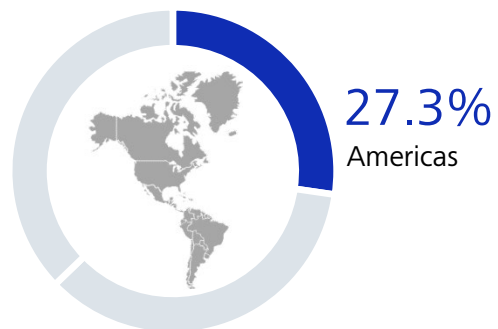
- Lower top line and significantly weaker mix ahead of first KINEVO® 900 S deliveries lead to temporary sharp contraction in gross margin and EBITA margin

Revenue Split



Regional development

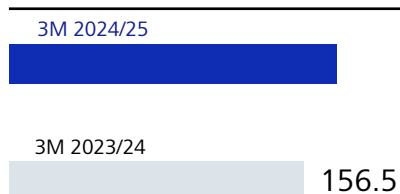
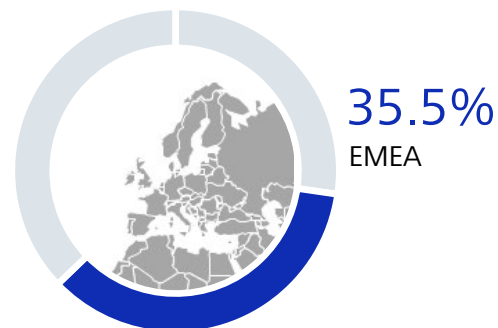
Stabilization in Americas and EMEA – APAC sales under pressure due to China



€ 133.7m
+19.3%

Americas

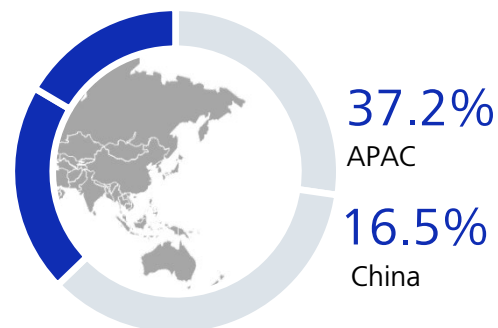
- FX-adj. revenue decrease of +18.6%
- Growth mainly driven by consolidation of DORC, slight growth without DORC contribution
- Recovery in US revenue contribution and stronger order entry



€ 174.0m
+11.2%

EMEA

- FX-adj. revenue growth of +11.8%
- Slight decline without DORC contribution
- Solid underlying growth in core markets such as GER, UK and Nordics



€ 182.7m
-11.5%

APAC

- FX-adj. revenue decline of -11.4%
- Weaker sales in China caused by product cycle in refractive equipment, tough price comps in IOLs and restrictive investment in equipment, slow start in Japan and Korea
- Positive trend in India, Southeast Asia

P&L – Favorable underlying OpEx trend in 3M 2024/25

Overall weaker margins due to product mix change



Income Statement

	■ 3M 2024/25	■ 3M 2023/24	in €m	in % of sales
Gross profit	252.1	252.5	51.4	53.2
Rep. OpEx	226.2		46.1	
OpEx ex. DORC OpEx	198.8	209.0	45.2	44.0
S&M expenses	120.5	101.2	24.6	21.3
G&A expenses	28.2	20.0	5.7	4.2
R&D expenses	77.5	87.8	15.8	18.5
EBIT	28.0	43.5	5.7	9.2
EBITA	35.2	46.0	7.2	9.7
Adj. EBITA	33.1	46.0	6.7	9.7
EPS (€)	0.18	0.42		
Adj. EPS (€)	0.22	0.47		

- Gross margin decline due to unfavorable shift in product mix, VBP-related price decline in China
- Excluding DORC consolidation, underlying OpEx lower y/y (reduction in R&D expenses) as a consequence of strict cost control. Sales & marketing and admin expenses higher due to DORC consolidation and integration expenses, PPA amortization and higher IT expenses
- EPS down -57.1% due to decline in EBIT, negative FX hedging result and higher interest expenses
- Adj. EPS down -52.2%, based on logic of adj. EBITA, excluding non-cash valuation effects on contingent purchase price liabilities in financial result, FX/hedging result not adjusted

Significant increase in PPA amortization due to DORC acquisition



EBITA

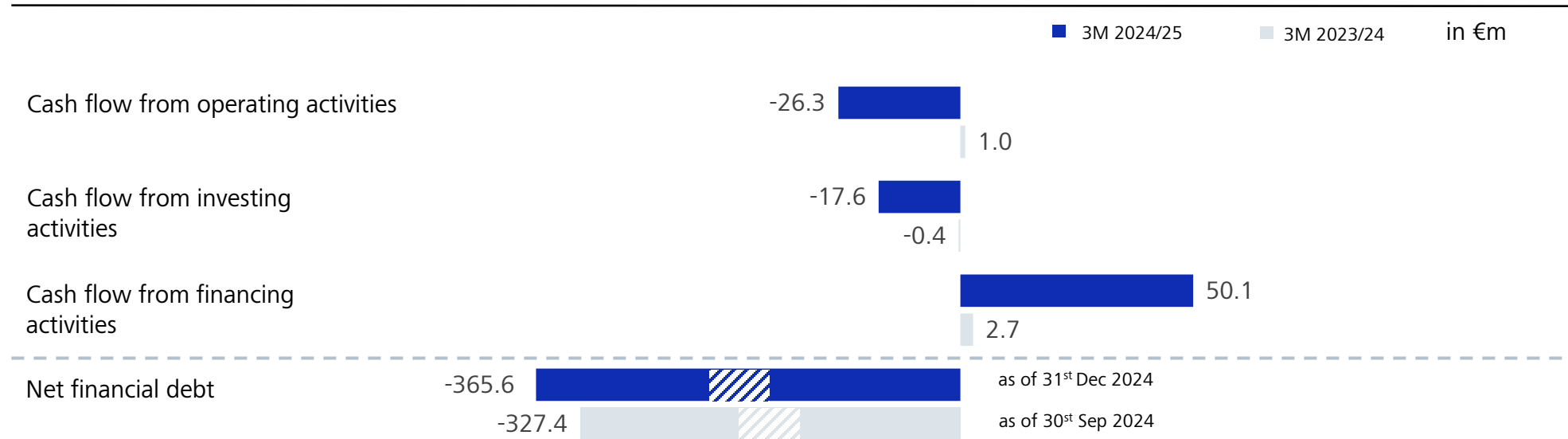
	3M 2024/25 €m	3M 2023/24 €m	yoy %
EBIT	28.0	43.5	-35.7
./. Amortization of PPA*	-7.2	-2.5	+188 pp
EBITA	35.2	46.0	-23.5
EBITA margin	7.2%	9.7%	-2.5 pp
./. Other special items**	+2.1	0	-
Adjusted EBITA	33.1	46.0	-28.0
Adjusted EBITA margin	6.7%	9.7%	-2.9 pp

- * Regular amortizations on purchase price allocations (PPA) of DORC (€6.5m) and former acquisitions (€0.7m)
- ** Public grants received in China

Operating cash-flow slightly weaker at start of the year



Cash flow statement



- Lower **operating cash flow** due to weaker operating result and a slight increase in account receivables
- **Investing cash flow** decreased – driven by lower investment in CapEx (tangible & intangible CapEx at 4.3% of revenue) and decline in treasury receivables
- Higher **Financing cash flow** from increase in treasury payables
- **Net financial debt** at -€365.6m refinanced through shareholder loan from Carl Zeiss AG

Outlook for FY 2024/25 unchanged



- 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 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%.

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04 Outlook

05 Appendix

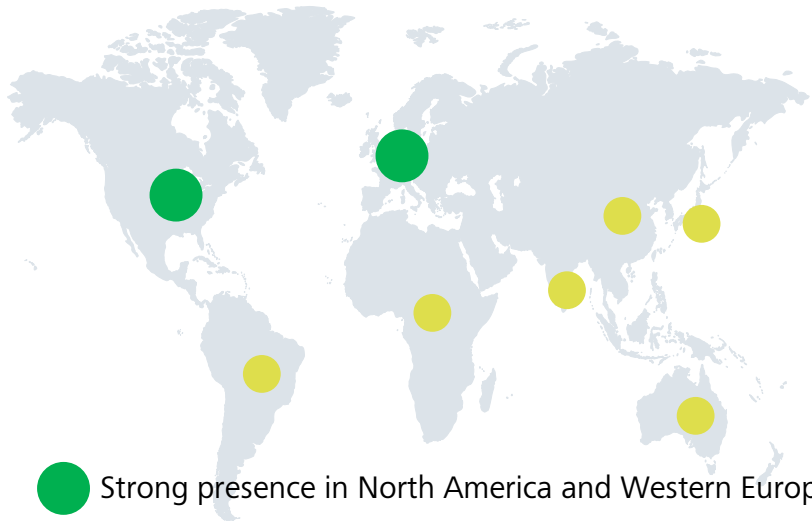


With DORC Acquisition, ZEISS will create a unique Retina Workflow

Highly complementary portfolio and regional setup



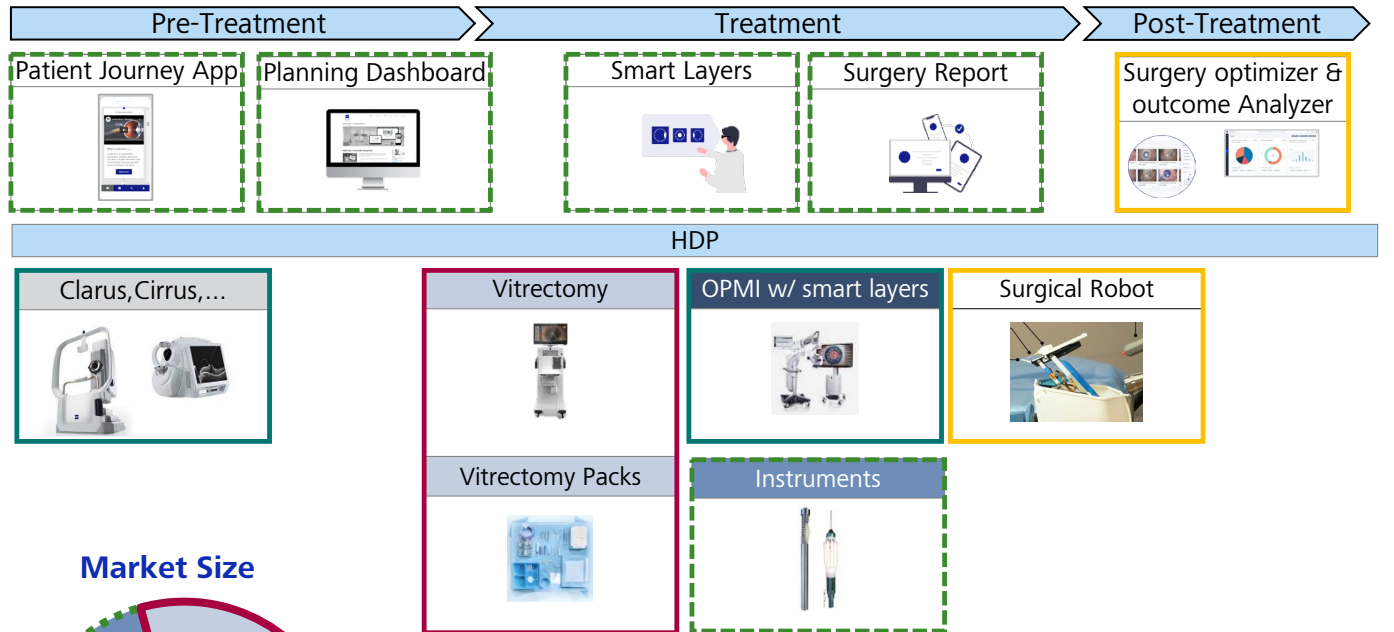
DORC global presence



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

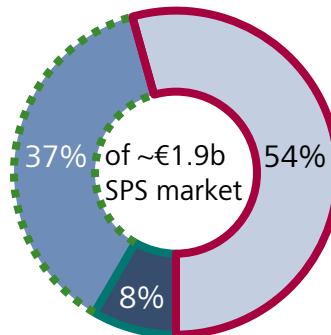
- Highly complementary portfolio and regional setup between ZEISS and DORC
- Cross-selling of IOLs, consumables and instruments
- Creation of full ZEISS Retina Workflow, connecting diagnostic devices, operating microscopes, vitrectomy, consumables and ZEISS Medical Ecosystem

Retina (Surgical Posterior Segment) Workflow



Applications
Data
Devices
Consumables

Market Size

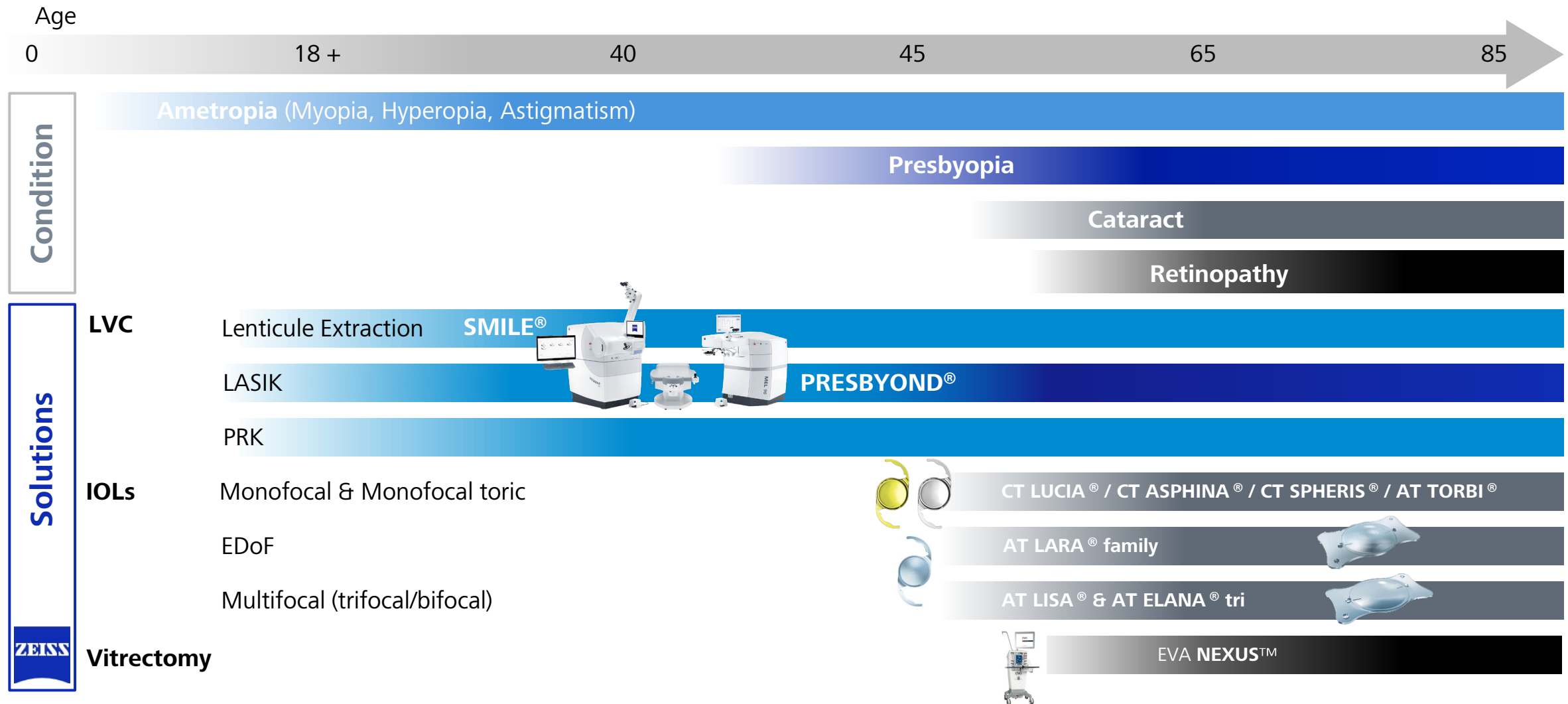


- Surgical Scopes
- Disp. Instruments
- Vitrectomy

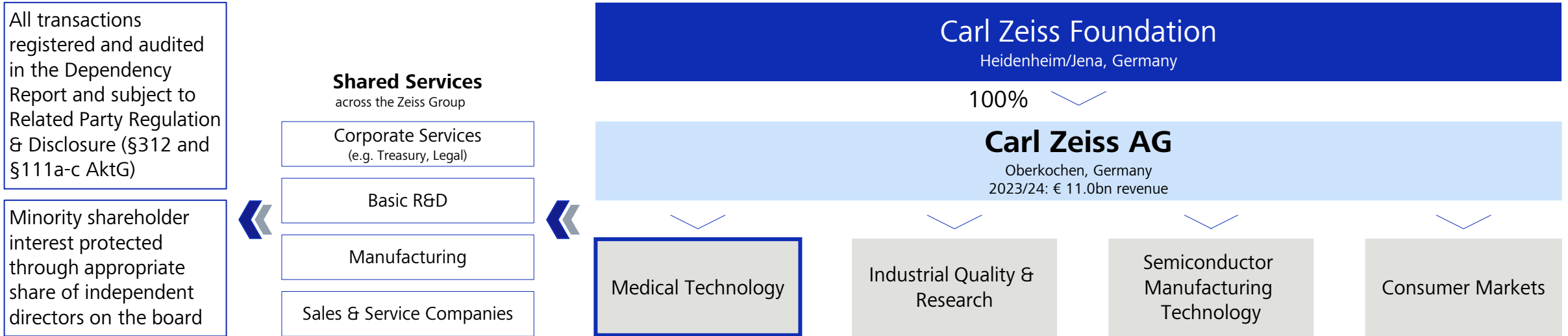
ZEISS Position

- Established (solid line)
- Partially established (dashed line)
- Key Gap (red outline)
- Future potential (yellow outline)

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

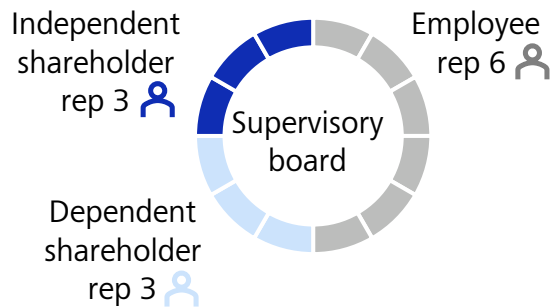


Medical Technology is a deeply integrated core business for the ZEISS Group



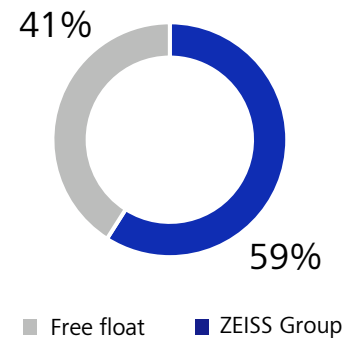
Composition of Supervisory board

of Carl Zeiss Meditec AG



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 has a strong DNA in social and environmental policies

Our mission is to improve the quality of lives of patients through innovation



Improving quality of life



Yearly 10m surgeries performed by neurosurgeons using ZEISS surgical microscope

Yearly over 15m cataract surgeries performed with ZEISS surgical systems



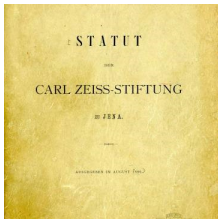
Yearly over 1.5m treatments with ZEISS refractive lasers



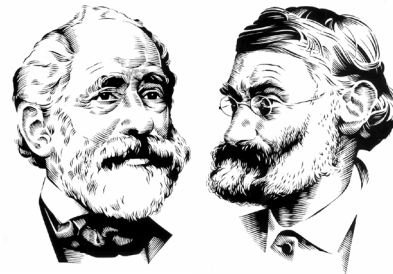
Yearly over 2m ZEISS IOLs implanted

Workflow solutions-connecting devices, data and applications, improving efficiency and accuracy

Long-term orientation & commitment to science



Owned by ZEISS foundation, committing for scientific breakthroughs and charitable research sponsorships



Sustainably high investment in R&D: R&D ratio at >16% of revenue, aiming for long-term technological leadership

Building company health insurance funds in 1875 and introduction of minimum wage in 1896, way ahead of law requirements

Extremely low employee turnover rate in Germany at 2.6%

Climate action

Climate target: to be carbon neutral in scope 1 and 2 emissions by 2025

Further environmental targets: 20% less energy, 10% less waste and 15% less water in 2025 compared to 2019

The use of MICOR 700 and its disposable fluidics system reduces the waste of a cataract surgery compared to traditional single-use Phaco cassette system

To complete life cycle impact assessments by 2028 incl. carbon footprint analysis for an open loop recycling system and a more sustainable mobility in transportation of employees



Switch to green power supply – e.g. ZEISS innovation center in the USA is powered by solar energy, and the new ZEISS building in Jena meets the requirements for the gold certificate by DGNB

Upcoming Events 2024/25





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Seeing beyond