

# CARL ZEISS MEDITEC AG

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**XTRA:AFX**

Q1 2026 Earnings Call Transcript

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# Call Participants

## Executives

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Chairman of Supervisory Board & Interim CEO

**Justus Felix Wehmer**

CFO & Member of the Management Board

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**Oliver Reinberg**

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# Presentation

## Sebastian Frericks

### Director of Investor Relations

Good morning, ladies and gentlemen, and welcome to the three months '25/'26 analyst conference of Carl Zeiss Meditec. My name is Sebastian Frericks, I'm the Head of Investor Relations. Our CEO, Andreas Pecher; and our CFO, Justus Wehmer, will present the three months results and guide you through the financials

## Andreas Pecher

### Chairman of Supervisory Board & Interim CEO

Thank you. Good morning, dear analysts and investors. Welcome to the three months '25/'26 analyst conference of Carl Zeiss Meditec AG.

Maybe some of you know that I've been at Zeiss Executive Board Member since January 2022. Back then, in the very early part of that month, Meditec was valued above EUR 16 billion. Now it is valued at below EUR 2.5 billion. This is not acceptable for all of you and also not for Zeiss. Zeiss has taken the biggest loss of all above EUR 8 billion since then. And the new low point also is in the level of trust when we have to withdraw our full year guidance on January 22. The minimum I can do is to apologize, which I want to do personally and on behalf of the Management Board. I assume more important for you and also Zeiss as the main shareholder is that we reverse the trend and build up trust again by working on our business performance and meet what we said before over and over again. For that, we need to strongly focus on execution now.

We will talk about how business conditions have evolved since our last update in December 2025 and what the key building blocks are for the remainder of the fiscal year. Justus will address these topics in more detail later in the presentation. And of course, following the presentation, we'll be happy to take your questions. But before that, Justus and I will walk you through the quarterly overview and financial results.

and some prepared remarks. After the presentation, we look forward to the Q&A.

I would like to hand over to Andreas. Please go ahead.

So, let me start with an overview of our first quarter performance. Well, to cut it short, this was not a good quarter, and we're not happy with the results. We had a weak start to the year with both revenue and EBITA coming in below the prior year, driven primarily by currency headwinds and an unfavorable product mix with weaker sales of refractive treatment packs as well as intraocular lenses in China, which weighed on margins. Revenue for the quarter amounted to EUR 467 million, representing a decline of 4.8% year-over-year. On a constant currency basis, revenue declined by 2.1% year-over-year, driven primarily by movements in the U.S. dollar. When fully reflecting all currency headwinds, FX effects amounted to EUR 20 million. FX-adjusted revenue was relatively flat at minus 0.7%. And beyond the U.S. dollar, these currencies -- currency impacts were mainly related to the Chinese yuan. In this adjustment, we are also eliminating all currency effects related to the exports into the ZEISS Group global distribution network.

The revenue decline was visible across both equipment and consumables. The quarter was impacted by a soft start into the fiscal year following an exceptionally strong equipment delivery baseline in September last year. And in China, we also saw revenue loss from bifocal intraocular lenses following the withdrawal from the current VBP tender as well as delayed sales of refractive treatment packs due to the later timing of the Chinese New Year holidays.

Looking at the revenue mix, equipment accounted for 52%, consumables for 37% and services for 11% of total revenue in the quarter. Order intake reached EUR 471 million, down 9.7% year-over-year or down 6.9% on a currency-adjusted basis, which is mainly related to the strong year-end close in September 2025. Our order backlog increased to EUR 405 million at a slightly higher level compared to the end of last fiscal year.

Now turning to profitability. EBITA came in at EUR 8 million, a 77% decline versus the prior year, resulting

### Justus Felix Wehmer CFO & Member of the Management Board

Yes. Thank you, Andreas, and also a warm welcome to all of you from my side. So, as usual, I will briefly walk you through ophthalmology performance first and afterwards, microsurgery.

So we had a weak start, driven mainly by refractive phasing and a loss of bifocal IOL sales in China. Let's start with the revenue. Reported revenue came in at EUR 357 million, which is down 5.1% year-on-year and foreign exchange adjusted basis, revenue declined by 2.4%. The performance was impacted by several factors, of course, currency headwinds, as already explained by Andreas, strong equipment sales at prior year-end, which created a much slower start in the following month and later phasing of refractive treatment pack sales due to the later occurrence of the Chinese New Year vacations. And ultimately, the loss of the bifocal IOL sales in China, where we have reported that we lost there the right to participate with one lens category in the tender.

One item to highlight here is the potential bifocal IOL scrap risk associated to what I just explained and estimated at around EUR 8 million in total, which will fall in quarter 2. This will be treated as a nonrecurring impact, and it's worth noting that registration of the successor model is progressing well. The chance seems good to receive the license before the start of the next tender.

Moving to EBITA margin. The EBITA margin declined to minus 0.4%, representing a 5.2 percentage-point

in an EBITA margin of 1.7% compared to 7.2% last year. The significant decline was mainly driven by negative FX effect and unfavorable product mix and negative operating leverage as our cost base remained largely stable while revenues declined.

So, now I'd like to hand over to Justus, who will provide you with more background and will discuss the SBU figures in more detail.

decrease year-on-year. This was mainly driven by a 1.9 percentage points decline in gross margin, largely due to the currency effects and an unfavorable product mix. The OpEx ratio weighed on margin by additional 2.8 percentage points, although [ obsolete ] expenses remained stable as particularly the changes in APAC currencies cannot be locally hedged with most of our OpEx in euro.

Finally, looking at the revenue split, ophthalmology accounts for 76% of total OPT revenue. And within ophthalmology, consumables represent 46%, equipment accounts for 45% and service contributes 9%.

Turning then to microsurgery. Overall, we saw a margin decline, mainly driven again by currency headwinds and an unfavorable product mix. Revenue reached EUR 110 million, which is down 3.7% year-on-year. On a currency-adjusted basis, revenue declined by a more moderate 0.9%. The softer revenue performance despite a relatively modest comparison base is largely explained by exceptionally strong deliveries towards the prior fiscal year-end, which created a pull-forward effect. In addition, we saw an unfavorable mix with slower deliveries of neurosurgical microscopes following the strong year-end close in September '25, which not only impacted revenue phasing, but also weighed on profitability. The EBITA margin decreased to 8.7%, representing a 6.5 percentage-point decline year-on-year. This was mainly driven by a 5.5 percentage-point decline in

gross margin, reflecting currency effects and unfavorable product mix and the amortization of capitalized R&D related to KINEVO. In addition, the OpEx ratio weighed on margin by around 1 percentage-point, while [ obsolete ] expenses remained stable. Looking at the revenue split, microsurgery accounts for 24% of total revenue. And within microsurgery, equipment represents the largest share at 79%, service contributes 15% and consumables account for 6%.

Let me walk you through our regional development. Overall, EMEA remained stable, while we saw softer performance in the Americas and APAC. Starting with the Americas, the region accounts for 25% of group revenue. Revenue came in at EUR 117 million, down 13% year-over-year, with currency-adjusted revenue declining by 6%. This reflects a weaker investment climate, driven largely by heightened geopolitical volatility and a decline in key markets, including the U.S. Overall, demand momentum in the U.S. remains subdued during the period as a consequence of overall tariff-related price increases.

Moving to EMEA. EMEA represents roughly 37% of group revenue and showed a largely stable performance. Revenue reached EUR 174 million, moderately below last year, while currency-adjusted revenue actually grew slightly. This resilience was supported by growth in selected markets, particularly in the Middle East. At the same time, core European markets, including Germany, Spain and the Nordics remained broadly sideways.

Finally, Asia Pacific region, APAC represents 38% of revenue, with China contributing 18% in this quarter. Revenue amounted to EUR 178 million, down 3% year-over-year, with a currency-adjusted decline of 2%. Performance across the region was mixed. China remained stable, while India and Australia showed positive trends. This, however, was offset by weaker revenue in Japan and South Korea, which weighed on the overall regional result.

Turning to the P&L. Margins came under pressure in the quarter, while operating expenses remained broadly stable. Gross profit declined to EUR 227 million, with the gross margin decreasing to 48.6%

from 51.4% last year. This was mainly driven by currency headwinds, a lower contribution from neurosurgical microscopes, IOLs and refractive treatment packs as well as higher amortization of capitalized R&D expenses related to KINEVO.

Looking at operating expenses. Total OpEx was flat year-over-year at EUR 226 million. However, as a percentage of sales, OpEx increased to 48.4%, reflecting a negative operating leverage. As a result, profitability was significantly impacted, both EBIT and EBITA declined sharply. Earnings per share decreased to minus EUR 0.06, driven by the sharp EBIT decline and negative financial results, primarily due to higher interest expenses. On an adjusted basis, adjusted earnings per share was EUR 0.03, excluding noncash valuation effects on contingent purchase price liabilities while exchange rates and hedging results were not adjusted.

The next table provides a brief overview of the bridge from EBIT to EBITA and to adjusted EBITA. Regular amortizations on purchase price allocations amounted to EUR 7 million in Q1, including D.O.R.C. effect of EUR 6.5 million and smaller effects from former acquisitions. In terms of special items, the current quarter includes legal expenses in connection with the lawsuit related to former IanTECH in the U.S. On the contrary, the prior year benefited from a one-off gain from public grants received in China for our IOL production. Adjusted for special items, EBITA amounted to EUR 10.3 million, with a margin of 2.2%, significant decline compared to previous year.

Next, we have a quick overview on the cash flow statement. We saw a clear improvement in operating cash generation. This improvement was mainly driven by a strong reduction in receivables, particularly from third parties as well as income tax refunds, which reflect the weaker operating result in the period. Cash flow from investing activities also improved primarily due to lower investments in property, plant and equipment compared with the prior year. Financing cash flow declined, mainly impacted by the reduction of liabilities to the ZEISS Group treasury. By end of Q1, net financial debt decreased to EUR 282 million at a lower level compared to a year ago.

And now I'd like to hand it back to you, Andreas.

## Andreas Pecher Chairman of Supervisory Board & Interim CEO

Thank you, Justus. So let's move to key topics and outlook. I will outline the main triggers behind the current guidance suspension and also share my recent impressions from a visit to China that happened last week. Then Justus will illustrate the key building blocks shaping our outlook for the remainder of the fiscal year.

So let me briefly explain what has changed since December 2025 and why we decided to temporarily suspend guidance in January. Well, let me start with the bifocal IOL situation in China. As we communicated at the December '24/'25 analyst conference, full year conference, our bifocal IOL was withdrawn from the existing VBP tender. As a result, it cannot longer be sold to public hospitals under that framework. While the product license itself remained valid, there is still, of course, ambiguity around the VBP withdrawal, and we were still assessing whether limited sales to other markets for the private sector are feasible. At the same time, the treatment of existing inventories remain unclear. In a worst-case scenario, this could require a partial recall and scrapping of stock. We're now seeing only limited resale opportunities for bifocal IOLs more broadly as this product has been removed from the reimbursement scheme following the withdrawal of VBP qualification. So, since January, we have negotiated a partial recall with external distributors in Carl Zeiss China, which will result in an estimated earnings risk of around EUR 8 million for Carl Zeiss Meditec.

Second, moving to VBP and competitive dynamics. Our assumption in December was that the second nationwide VBP tender would put some pressure on IOL pricing, but to a lesser extent than the first tender as we learned from other peers, which are subject to consumables VBP. Meanwhile, we've identified the competitive landscape has intensified more than expected. In multifocal categories, several Chinese competitors have successfully passed registration, increasing price competition. As a result, we now

expect pricing pressure in premium IOLs to be tougher than previously assumed. Beyond IOLs, competition in equipment is also starting to heat up, supported by expanding local procurement policies.

And finally, on equipment demand, we're currently seeing weaker demand in the U.S. and broader Americas market, particularly in the ophthalmology segment, this seems to extend beyond the impact of the strong September deliveries, causing a slower start into the new fiscal year. Based on this, internal sales forecasts have been adjusted to reflect a more cautious CapEx environment for the fiscal year.

While putting all this together, regulatory uncertainty in China IOLs, higher competitive pressure and softer equipment demand, we concluded that temporarily suspending guidance was the most responsible step until visibility improves. We will update the market as soon as conditions stabilize and assumptions can be reliably quantified. We're currently working very hard in defining measures, and we'll update you as soon as possible, latest with the half year reporting as previously promised.

But before I close and hand back to Justus for the outlook, let me talk briefly about China with a more long-term view. I just came back from, I would say, intensive visit in China last week. And I was meeting there, of course, government officials, for instance, the Shanghai Party Secretary, Chen Jining. He's one of the - well, he is the highest ranking official in Shanghai. We also had the corporate size, Greater China headquarters campus construction launch ceremony. And of course, we did that alongside many of our customers, the local officials, and lastly, I met a number of our customers, particularly the Aier Group and its CEO, Mr. Li, and of course, our team.

And let me be straight in assessing the long-term competitiveness of Zeiss in China. We currently are in a period of, let's call it, vulnerability, not having

localized our manufacturing fast enough. The transfer of manufacturing for key consumables and equipment is happening as we speak, and we will be largely completing this over the next 2 years. We have all the support we need from our local team and from the local and regional officials, and I will personally look over this. We expect to be strongly competitive again across our portfolio with our state-of-the-art production facilities in Guangzhou and Suzhou. Having the strongest brand in ophthalmology in China, keep in mind, Zeiss is even more recognized from a brand point

of view in China, as in Germany, very close relationships with our key customers and an excellent reputation in the Chinese market from consumers to set that on brand recognition to doctors, to the government. And this can also be demonstrated by the largest ever infrastructure investment corporate ZEISS has made in China today. That, of course, also benefits Carl Zeiss Meditec.

Now back to you, Justus.

### **Justus Felix Wehmer** CFO & Member of the Management Board

Thank you, Andreas. So let me now outline how we are thinking about the timing of new guidance and the main factors that will shape our outlook. At a high level, we continue to see several external headwinds, including trade barriers, regulatory changes, a softer consumer environment and currencies, which are putting pressure on this fiscal year. Right now, we don't foresee any alleviation of these headwinds in the near term.

There are 3 groups of internal factors we are monitoring closely. First, swing factors, which could move performance either way in the near term. This includes the timing of the successor bifocal IOL registration and launch. We have already received, as we mentioned before, positive signals and currently expect to receive the license around March in time for the new volume-based purchasing tender. We are also awaiting the outcome of the VBP tender expected in April or May, which will have an important impact on our IOL business. And lastly, refractive procedure demand around the Chinese New Year period, which will provide a good indication on overall market sentiment. In the first quarter as well as extending into January, our refractive consumption data indicates continued stability, whereas the market was quite weak overall based on our data. We are satisfied about our relative outperformance, but currently cannot count on a growth outcome to offset other pressures in the business.

Second, nonrecurring items. In Q2, we expect the scrapping of certain old bifocal IOL inventory. As just explained, we have agreed with Carl Zeiss China and external distributors to take back a certain quantity of intraocular lenses, which will cause a burden of around EUR 8 million to gross profit in the second quarter. We are developing our strategy and reprioritizing R&D projects, which will likely have an impact on IP and cost allocation. And in addition, we anticipate one-time reorganization-related expenses that will mainly affect the second half and beyond. As we have said in our release on January 22, more details on measures will be presented with our half year report.

Third, key positive drivers. We expect continued momentum from the VISUMAX 800 and the associated SMILE pro rollout in China, further global traction for the KINEVO 900 S. So overall, while near-term volatility remains elevated, we see both risks and clear operational levers. Once these swing factors crystallize and the one-offs are better quantified, we will be in a much stronger position to provide reliable guidance. Timing-wise, no later than our half year results.

And with this, I'd like to conclude our presentation for today, and now we look forward to your questions.

# Question & Answer

## Operator

Yes. Thank you so much for the presentation. We will now move on to our Q&A session. [Operator Instructions] And we have already received a question, Mr. Reinberg.



**Oliver Reinberg**

Kepler Cheuvreux, Research Division

Oliver Reinberg from Kepler Cheuvreux. Just 3 questions, if I may. And the first would be on China refractive. I mean, obviously, the kind of Chinese New Year season is starting soon. And given you have just been in China, can you just provide some kind of feedback, a, what you have seen in terms of stocking ahead of the event and also what kind of feedback you get in terms of the expectation for the season from your clients?

Secondly, just on the counteraction you're going to take. I mean, obviously, you're going to execute the plan that was developed before. Can you just provide some kind of flavor to what extent you also consider to accelerate these kind of measures given the kind of current earnings pressure?

And then thirdly, just on China and the political background. I mean, buy-local has been a theme for quite a while. Can you be a bit more specific in which equipment parts you specifically see this kind of pressure and whether there's also anything happening in the refractive space. I mean, obviously, there's so far no local competition to SMILE, but if there's any kind of push towards LASIK or anything here?



**Justus Felix Wehmer**

CFO & Member of the Management Board

Thank you, Oliver. I can probably take the first 2 questions and Andreas...



**Andreas Pecher**

Chairman of Supervisory Board & Interim CEO

I can probably take the second and take the third one.

**A** **Justus Felix Wehmer**  
CFO & Member of the Management Board

Yes, exactly. So, China refractive, yes, you're absolutely right, Oliver. We are actually -- as we are sitting here entering into this Chinese New Year vacation period. And in a nutshell, I think the stocking into the distribution channel is right now tracking on a level that is, I'd say, within our expectations. It is comparable to last year's level, but the proof is then in the pudding. The proof is ultimately in the consumption during the vacation period. And I think only once we know that, we will really have a good indication whether our assumptions for this year's overall consumption are actually correct or maybe higher or outperformed or underperformed.

On measures, I can tell you that we are in full steam, so to speak, in the assessment and the decision-making process on what needs to be done. But I have to ask for your patience. As you know, there we have to follow a governance protocol. And we also, frankly spoken, also don't want to share anything premature here in public and clearly also not to feed our competitors with information that might be interesting to them. And on the Chinese political pressure, I think...

**A** **Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Maybe I can add to the second one, Oliver. Thanks for those questions. Well, that was the main reason why I stepped in, right, that we don't want to lose the time here. And we talked about that in December already. First measures have been implemented, for instance, the commercial organization that's being rolled out now. And of course, the other items, we're working together as a team to make sure that we develop those plans as fast as we can. That's clear and implement what we can implement. And for other things, we, of course, need the governance. That's clear. So rest assured that this is one of my and the whole team's highest priorities.

observe is typically there is buy-local policies for areas where you have local competition coming up, of course, because it makes sense, right? Other things have to be imported. We observe that specifically in the diagnostic areas, and there is some risk in ophthalmic areas. The good thing is we have all this in our hand. We can localize. I mean we have large really good infrastructure in China. We have the right people. I just met them again last week that can do that, and we have the willingness to do that. And in addition, we also have the support from the local governance and officials. I spoke to them last week. They really want us to be successful in this market. So I would say we have everything in place to counter that and take on competition as it arises.

Now coming to your third question, well, let me first comment with sort of a general statement. What we



**Oliver Reinberg**

Kepler Cheuvreux, Research Division

And do you see any risk that this kind of political pressure is also moving toward private space of refractive?



**Andreas Pecher**

Chairman of Supervisory Board & Interim CEO

I wouldn't say political pressure. I mean, you can call it political pressure. In the end, it is the will to localize manufacturing in parts R&D. And if you follow that, our impression is we have a very good position in that market. And by the way, that's something that I also see in other businesses of size. This is not just in medical. I mean we have that in our vision business as well. And

what we see is, as long as we follow those rules, we have a very strong position in those markets. I mean vision is #1, for example, in China. And there is, of course, strong competition. So we have the means to do this and of course, work with the officials to make sure that we can do that.

## Operator

Thank you so much, Mr. Reinberg, for your questions. We move on to Mr. Jon Unwin.



**Jonathon Unwin**

Barclays Bank PLC, Research Division

I actually just had a quick follow-up on Oliver's question on the equipment and the buy-local policies. You mentioned it was mainly in diagnostics, but also in other areas of ophthalmology. Is that all other areas of ophthalmology, so refractive, cataracts and microscopes or one more than the other? So just a quick follow-up there. I'm just interested how order intake has progressed in Q1 and Q2 for microsurgery. Obviously, we saw strong deliveries in the fourth quarter, but have orders progressed well so far year-to-date? And how do you feel about the ability to deliver those in the rest of the year?



**Andreas Pecher**

Chairman of Supervisory Board & Interim CEO

Maybe I'll take the first question. Thank you for those questions, Jon. Well, it depends in terms of the competition. I would say, generally, it's probably the highest on the cataract side, right? Then microscopes, I would see that more on the lower end coming in. And then the third one is refractive. That's the way I see it. And the good thing is we have a strong position in China. Zeiss overall is more than 7,000 people working for us in China. We see what's going on in the market.

We can react. Essentially, we have the control over that. We can localize things quickly. Of course, you all know medical has regulatory restrictions, that's clear, but we can do that, and we're willing to do that. and one after the other. And this is nothing new to Zeiss generally. In general, I mean, we've seen that ambition as well. Years ago, we reacted and we're #1 there.



**Justus Felix Wehmer**

CFO & Member of the Management Board

Fine. Then your question on MCS order intake and outlook. I think, yes, the first quarter has been soft, but I just spoke yesterday with the management of that division, and they are totally confident that they will make their numbers and volumes. The funnels, the project funnels are full. The order entry comes in. I obviously can't disclose here data for the current quarter. But I think what I want to convey to you is that

for MCS, as we had said in December, for this year, I think that we will clearly benefit from the global roll-in of the KINEVO 900 S and the PENTERO, good sales volumes that we have seen last year, end of last year, also going into this year. So therefore, I think overall, for MCS, we are currently pretty confidently looking into this year.

## Operator

Thank you so much Mr. Unwin for your questions. We now move on to Mr. Marchesin.



### **Davide Marchesin**

Equita SIM S.p.A., Research Division

I hope you can hear me well now. I have 3 questions, 2 on refractive. The first one is about the rollout of VISUMAX 800. So last year was better than you initially expected in China. Can you just make a comment how Q1 has continued and where are you right now? Second one is also you said that in China, refractive was stable. Can you comment whether this stable is related to volume or value as SMILE pro implies some positive ASP effect?

And the last one is you also said in your comments that the planned delivery of neurosurgical instruments was slower than expected. Is it something that you see is just temporary? Or do you see that it will spill over more towards the further quarters?



### **Andreas Pecher**

Chairman of Supervisory Board & Interim CEO

Maybe on the first one, just you saw the picture that we showed, the one with the right background. That's actually me and our team standing together with the management of Aier Group and unveiling one of the VISUMAX pro systems, the SMILE pro systems. Just as

a highlight there, they are dearly waiting for that, and they were really, really happy to have us roll that out. But that to just sort of highlight and Justus will go more into the numbers.



### **Justus Felix Wehmer**

CFO & Member of the Management Board

Yes, Oliver (sic) [Davide], happy to share with you that we are going into this year and order entry is currently trending nicely. We are in a neighborhood of 50 VISUMAX 800 in our books for China, out of which already more than 30 have been shipped and installed. So that, I think, is a pretty solid number after the few months that we are in this new fiscal year.

And then your second question, what I was referring to the stable was the procedure numbers. And just to also comment maybe on your underlying question, we still see a good pickup in SMILE pro treatments. And from that perspective, I also can confirm that by now, we do

not see any further deterioration of margin in the market. So hopefully, that covers your question.

And sorry, and you had one on MCS. Once again, I wouldn't derive out of Q1 any conclusions that would indicate softness or weakness for MCS for this fiscal

year. As I said, the funnels are very solid. And we also know that this category in the hospitals, so neurosurgical procedures is a money-making procedure. And therefore, we clearly expect that there will be a robust market demand for this year.

## Operator

Thank you so much Mr. Marchesin. We have a question by the number with the last of digits of 219.



**Jack Reynolds-Clark**

RBC Capital Markets, Research Division

It's Jack Reynolds-Clark from RBC. I hope you can hear me. I had 3, please. So the first is on European core market weakness. Could you run through which subsegments specifically are impacted, i.e., was it refractive versus kind of cataracts versus D.O.R.C.? What do you think is driving the weakness? And do you think it's temporary or longer term?

The next is on the U.S. So do you -- or does the ongoing weakness in the U.S. change how you view the attractiveness of the U.S. market for you from a bigger picture perspective in the longer term? And then my third question was on the CEO search. Could you update us on where you are with this and share any kind of developments around your thinking about what it is that you're looking for?



**Andreas Pecher**

Chairman of Supervisory Board & Interim CEO

I'll take the third one.



**Justus Felix Wehmer**

CFO & Member of the Management Board

Yes. Jack, it's Justus. So on the core market segments in Europe, actually, I don't know whether that was maybe mispronounced or misunderstood in my statements

because actually, we are not so, how should I say, unhappy with Europe. As I said, we have some regions that still grow nicely and some regions, Germany

amongst them, which have a more sideways development in the first quarter. But that I would not yet take as indication of a softness of the business. So therefore, really nothing particular to point out here.

I think if I look back on the 8 years that I'm now here with Meditec, Europe is always a mixed bag. You always have due to local politics and so on, you always have different investment behaviors across the board between South and North and East and West. But I think overall, we have always been able to, in total, then grow year-over-year in Europe. So therefore, really nothing that I would point out here, especially since you were asking about any particular business sectors of ours.

The U.S., the weakness that you have commented on, of course, we are not happy with it. But first of all, we have

installed in the U.S. a new head of our sales organization, a very industry-known veteran who has also worked in his history partially for some of the major U.S. competitors of ours. So, yes, it's an environment in which we have probably more hostile competitors than in other markets. But we -- I don't think that we should give up on it. And there is products in the pipeline, as you know, whether it's the hydrophobic trifocal lens, which we would expect by next year as well as the VISUMAX 800 flat cutting modality, unfortunately, only also next year. But I think the completion of our portfolio should actually in the next year give us some better opportunities or provide better opportunities for us to be in the U.S. in better shape. And on this third question, I think...

**A** **Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Maybe build on the question. Thanks, Jack, for those questions. Justus and I spent 3 weeks ago, we spent a good week in the U.S., of course, talking to customers as always, we always do that, but also to our team. And the new person heading our U.S. sales organization is not coming from the outside. He was at other companies before he came from another one of our markets and has a, yes, a proven track record of bringing a lot of value to those markets. That is, I would say, one of the first changes that came out of the new organization, the new commercial organization. So, as you see, we're in full swing of changing things, as I would say, to the better.

On the CEO search, well, shortly said it's in full swing, right? I said before, I personally have a strong interest in keeping that short as my family. But, joke aside, we all have an interest, right, to make sure that we have the long-term person in there. So we are currently looking outside and have actually several candidates. And of course, I hope you understand that we cannot disclose anything more precise today, and we'll announce this as soon as possible. But it will be a person that, I would say, has a solid track record in the medical industry.

## Operator

Thank you so much for your question. We're moving on to Mr. David Adlington.



### David James Adlington

JPMorgan Chase & Co, Research Division

Three, please. So, firstly, I just wondered, you indicated you put through some price increases in the U.S. to offset tariffs. I just wondered how much price you have put through and whether you're thinking about changing your strategy on price there.

Secondly, on gross margins, obviously, quite a big impact from both foreign exchange and an increase in R&D amortization. It would be great to get your thoughts on how gross margins might evolve from here through the rest of the year.

And then finally, with the VBP on multifocals coming through, I just wondered what you expected the price impacts to be? And any thoughts around where volumes might go?



### Justus Felix Wehmer

CFO & Member of the Management Board

David, I start, and Andreas, you just if you have anything that you want to highlight and I didn't cover on it.

Price increases were, in total, probably in low single -- high single digit. It varies a little bit from category to category. But overall, you can say that cumulatively, it is a high single-digit number of price increase. And of course, that you have to compute it on our transfer prices and therefore, in the end, to offset for the tariff barrier, you basically have to then calculate it backwards from your speed price. And that is something like, as I say, high single digit.

But you have to understand to build on that, David, that this hits in the U.S., the very important category of diagnostical products. And the diagnostical product, a, is anyways a very contested market. And secondly, you may say so, it's a market where in an environment like this, price increases, uncertainties on tariffs, some

optometrists and ophthalmologists will simply delay their decisions. If you have a field analyzer, if you have an OCT or so, typically, it's something where you can also hold back for a while until you have more clarity on your investment decisions. And that, I think, is overall explaining the situation that we are in. So, hopefully, with a little bit more stability in the transatlantic relations and disappearing sentiment that there might be more movements happening, then we hope that the investment appetite will return.

Gross margin, you were asking on, I think, what exactly we are anticipating for the remainder of the year. We clearly would see that the gross margins will recover with higher portions of consumables kicking in over the course of the year with the one caveat that I want to highlight and that leads to your third question on the VBP. Obviously, that also is a function of how aggressive pricing will be reduced in this second round tender.

Frankly spoken, the only thing you can refer to is analogies from other consumables in the medical sector in the past. Typically -- again, typically, the second and third tenders were not as brutal in terms of the price impact. But now we have an unknown factor as outlined in our presentation. And also, please

understand that I will not give you any detail on our expectations, what others do because as you can imagine, this is competitively sensitive information, and I don't want to have anybody speculating on how we would respond.

**A** **Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Yes. Nothing to add. And frankly, nothing I want to add to the last point here as well.

### Operator

Thank you so much for your question. We're moving on to Ms. Susannah Ludwig. You may speak now.

**Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Susannah, if you speak, we cannot hear you yet.

**Susannah Ludwig**  
Bernstein Institutional Services LLC, Research Division

Can you guys hear me now?

**Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Yes.



**Susannah Ludwig**

Bernstein Institutional Services LLC, Research Division

I have 2, please. First, can you confirm if sort of long term, there will be any benefits to COGS from the shift to manufacturing in China and when you would expect to be sort of fully ramped on this shift to manufacturing in China?

And then second, I wanted to follow up on what has changed from December to January when you pulled the guidance? So, first, on China, I guess, why had you originally believed that the price cuts would be softer in the VBP? I know you cite the Chinese companies passing sort of registration, but Eyebright had a trifocal approved since January 2025. So had you anticipated that they would be part of the tender? Or were you thinking there was a chance that they would not be? And then on the U.S., were December sales weaker than anticipated? And was that what led to the weaker internal forecast? Or was there something else?



**Justus Felix Wehmer**

CFO & Member of the Management Board

Susannah, let me start with the last one. And in the week that we pulled the guidance, there was a pretty hefty discussion on Greenland. And within that discussion, there was at least a serious threat by the U.S. administration that there would be additional, on top of all other tariffs, additional 20% on products out of Germany going in the U.S. So that, of course, would have dramatic impact on our business. And as I said before, the U.S. is our second biggest market, and it's almost 90% device market. So therefore, that explains why this discussion at that moment in time was playing a significant role also for our ability to assess how the U.S. market may develop or not develop.

On your question on our expectations for the tender, I think in a nutshell, one Chinese competitor in a tender in a category is already changing things, but we also

have seen in the past that the Chinese authorities for good reasons, always try to distribute and don't want to be in a situation in which then suddenly one company is not able to fulfill the entire volumes that have been allocated. So with one player in the game, we were still reasonably confident that our strategy could fold out in a way that it would and therefore, was part of the guidance expectations that we published in December. However, learning then that at least a second player, Chinese player, will be participating with just recently approved lens that can, of course, once again change the volume allotments significantly. And that is one of the key reasons.

And your first question was on the long-term benefits of -- Andreas?

**A** **Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

I can start and you can chime in. There's 2 aspects when it comes to localization in China. The first one, and I think it's the more important one, an urgent one is to make sure that we have access to the market. That's why once those regulations come in, actually are anticipated, we can do that and essentially localize and make sure that we have access to that. The second one, of course, is a question about cost of goods. In general, there is a potential of doing that. And the question is always that we are taking is, are we taking step one

means localization together with step two, and that's something that we have to assess essentially also in terms of cost and timing considerations.

So, typically, there is a potential to be very clear. And sometimes we do that right away with step one. Sometimes we do that in a step afterwards by localizing also the supply chain.

**Q** **Susannah Ludwig**  
Bernstein Institutional Services LLC, Research Division

Great. That was very helpful. Can I just follow up in terms of the U.S.? Could you confirm, I guess, just how December performance looked versus October and November?

**A** **Justus Felix Wehmer**  
CFO & Member of the Management Board

Susannah, sorry, I missed on that one. I think there is - within the quarter, nothing in particular that I see. Probably October and November were weaker than December. That's the only pattern that I could share

here with you. But I think -- I don't know whether this answers precisely your question, but that is what I...

**Operator**

Thank you, Ms. Ludwig, for your questions. We're moving on to Mr. Graham Doyle.



**Graham Doyle**

UBS Investment Bank, Research Division

Yes. So this is a very complex system versus what we're used to. So it's -- and the UBS tech doesn't always allow me. So it's good you can hear me. Right. I've got 3 questions, please. So, firstly, I think when I was speaking to Sebastian earlier, he was talking about the UV biomaterial being a part of the issue in terms of the registration for the bifocal. And of your -- and I estimate of your sort of EUR 70-ish million revenue of IOLs in China, how much is not based on the UV biomaterial, just to get that?

And secondly, just on D.O.R.C., could you just give us an update on how new instruments placements went in Q1? And then lastly, it's a sort of a bigger question. I know you don't often talk about the pipeline, but I think this would be a pretty good opportunity to do, which is, say, R&D as a percentage of sales has been well above the rest of the sector. And we obviously have seen some innovation, but it will be good to get a sense as to what really excites you. So rather than talking about the cost cutting, what excites you in the pipeline today that we might see in the next 1, 2, 3 years that can drive future growth for the group because you've got a great track record in R&D. So it would be good to get a sense as to what's in there.

**Justus Felix Wehmer**

CFO & Member of the Management Board

Graham, may I -- just your second question, I missed that one because I was taking notes for the first, sorry.



**Graham Doyle**

UBS Investment Bank, Research Division

Sorry. The second question was just on D.O.R.C. in terms of new unit placements, how has that progressed in Q1?

**Justus Felix Wehmer**

CFO &amp; Member of the Management Board

Okay. So, on the UV biomaterial, we're actually in full swing of transitioning. I think it's right now probably more still in the neighborhood of 50%, but actually of the total business volume. But actually, with the one lens that we are expecting to hold the paperwork of the registration in our hands in a couple of weeks, we then actually would have, going forward, completed the transition. And then we have the portfolio on UVE.

The D.O.R.C. placements, I think overall, just yesterday, had a discussion on it. We are still growing year-over-year nicely and in full swing of rolling out now also the

D.O.R.C. portfolio into Asian markets. Last year, as you may remember, we were focusing first on U.S. and Europe, some European countries. Now Asia kicks in. And we actually also see in some of our key accounts that are loyal, refractive and partially cataract customers, also now high interest in the D.O.R.C. portfolio. So, overall, I think we are quite happy with the development.

And I think on R&D, Andreas can talk.

**Andreas Pecher**

Chairman of Supervisory Board &amp; Interim CEO

I can say a couple of words on that. Well, thank you, first of all, for stating that we've been having a good track record on innovation. Of course, that's the core of the company, right? That's the core actually not just of Carl Zeiss Meditec, but Zeiss, an innovation-driven company. Let's do the following. That's -- how about we talk a bit more about that when we do the May -- latest in May when we do the half year results and show you a couple of the highlights. There's highlights in both the OPT and the MCS pipelines that I'm excited about. They actually go beyond that. That's -- we're always looking at short, midterm innovations, but we're also looking at the long-term innovations where we think we can go into even new markets.

The one thing that I'm focusing on right now also is to make sure that we get a higher efficiency and effectiveness of our R&D. You've seen the R&D expenses going up in the last couple of years, which is good. It can be good if you get the right output. And that's one of the things that I'm focusing in my time also here and together, of course, then with the SBUs, I'm sure my successor is going to focus on. So what I want is return on R&D investment, and I want to increase that even more. That would be my statement. And sorry for not telling you any of the exciting products yet, but it's maybe better to also do that and see them.

**Operator**

Thank you so much Mr. Doyle for your questions. We're now moving on to Mr. Falko Friedrichs.

**Falko Friedrichs**

Deutsche Bank AG, Research Division

Three questions, please. And the first one, do you have an update on when exactly the VBP implementation for IOLs is expected to go live? My second question is on the downturn in Japan and South Korea. Can you add a bit more flavor on the specific market dynamics you've seen over there and what the expectation is for the rest of the year? And then third and last, can you share your high-level view on what we should keep in mind when modeling sales growth and margin dynamics for the second quarter?

**Justus Felix Wehmer**

CFO &amp; Member of the Management Board

Falko, update on your question on go-live of the VBP, again, it's -- there is no official statement at this point in time when the tender is published. And therefore, it's all speculation. I think last time between the tender publishing and then the actual roll-in, there were several months in between, and it started with single provinces applying it. And then until it was rolled out across China, I think it almost took 2 quarters. Assuming this year, this process is swifter, then maybe it's only 1 or 2 months before it becomes effective. But since we don't know the date, and I mean, what's reasonable to assume is, clearly, Chinese New Year is basically now. So it will be then most likely not within the next 2 weeks, then we are already almost crossing into March. And as we said, our team expects the tender being published anywhere March, maybe at the latest April. And then counting on that, probably a period

until it's becoming fully effective of whatever, 4, 8 weeks, maybe 12, that would be our estimation at this point in time.

Japan, South Korea, my perspective would be that with the focus that we are having on these markets, and I think we shared this in earlier calls and also some registrations, especially for products in Japan. Here, for example, the VISUMAX 800, just to mention one very important product. My expectation clearly is that over the course of the year for Japan, we should see some growth. And Korea, as you know, is already a strong market. There's always a little bit of fluctuation. But again, overall, for Korea, I would also not be too negative on our total outlook for the year.

**Andreas Pecher**

Chairman of Supervisory Board &amp; Interim CEO

Maybe on Japan, just keep in mind, we still have a fairly low market penetration in Japan, which I would see as an upside.

**A** **Justus Felix Wehmer**  
CFO & Member of the Management Board

And I mean, high-level question on sales growth for the remainder of the year. Quite frankly, if we -- and now we are back to the rationale on cutting or revoking the guidance. At this point in time, I don't have the data points to give you a sales indication. The project funnels look decent. But if we have a big blast from the tender outcome that can be painful and can take away quite a bit of potential on the top line. And likewise, if

the winter peak or the performance of the winter peak is, as we said before, one key indicator for the remainder of the year, also something where, I'd say, in 4 weeks, we can comment on that more comfortably. And therefore, I don't want to start speculation here and now.

**Q** **Falko Friedrichs**  
Deutsche Bank AG, Research Division

Justus, my last question was more referring to the second quarter now, the sales and margin dynamics.

**A** **Justus Felix Wehmer**  
CFO & Member of the Management Board

In the second quarter, here, I would pretty much probably refer you to our typical seasonal patterns. And with the caveat that we, as we said, have potentially the scrapping issue, but that we would consider as a one-off. But typically, the second quarter

is compared to the first quarter, a better one. And at the moment, I would also assume this will be the case in this fiscal year.

**Operator**

Thank you very much, Mr. Friedrichs, for your question. We're having another question by Davide Marchesin. Hello? Can you hear us? We unfortunately cannot hear you.

Maybe we can move on to another question while you're figuring out the microphone situation. We have another question by Jon Unwin again.



**Jonathon Unwin**

Barclays Bank PLC, Research Division

I just had 2 follow-ups, both actually on equipment. The first one is on cataract equipment, so like phaco machines and biometers. Can you maybe just talk a little bit about the sort of regional trends that you're seeing across the U.S., Europe and China? Because I think there was a comment that the cataract equipment was a bit weak in Q1. And also, are you seeing any increased pressure from new competitor launches, specifically in phaco machines that we've seen recently? So that's my first question.

And then my second question is on diagnostics. On my numbers in diagnostics for FY '25, it seemed like this business declined quite significantly, maybe even like low double digits. So is that correct? And do you see this sort of similar level of decline in FY '26? And maybe you can help us understand how much of the pressure there is general market weakness, a result of your own price increases and just general delays of the market? And have you got any intention to simplify the portfolio in diagnostics just to focus on say CLARUS and CIRRUS?



**Justus Felix Wehmer**

CFO & Member of the Management Board

Jon, on cataract first, I think U.S., as we are or have fairly, frequently commented, we are certainly not where we are since we do not have this bundle capability. I think outside of U.S., Europe and China, I would see us trending pretty decently. So nothing that we observe in particular changing as impact by new machines being offered by competition.

On diagnostics, yes, it's the most contested market. That's correct. And obviously, the price increase in the important U.S. market is not helpful. And -- but it's still early in the year. And there, we also have a bit of a seasonal pattern in this business. So therefore, I would

still expect recoveries in the course of the year. We also have with the commercial organization, clearly more focus on this portfolio and the associated efforts in selling this portfolio.

On the simplification on the portfolio, you probably understand that this is nothing that we're going to share certainly not on speculation or indicating on any specific products, that certainly nothing that we want to read about than in the public, yes. So I'll leave it there. Andreas, anything?

**A** **Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

I mean it's an obvious question. That's something that obviously we always do. It's part of normal business to always look at your portfolio, where do you add and

where you take out. That's -- yes, no specific comment on that one.

**Operator**

Thank you so much for your questions. Mr. Davide Marchesin, do you have any possibility to unmute

yourself because I sent you the invitation and I can see that you're unmuted, but we cannot hear you properly.

**Sebastian Frericks**  
Director of Investor Relations

If not, we can give feedback to the IR team as well, of course.

**Q** **Operator**

Yes, exactly. Maybe it's better to place your questions to the IR after this meeting or you can put it into the chat box and I can read it out loud for you if it's too much trouble. Unfortunately, we cannot hear you. Oh, but I can see in the chat that you just placed your question there. I'll read it out loud.

The U.S. was significantly down in the first quarter, minus 12.7% organic. You are the only one company reporting such weak results from the U.S. and all the others are reporting strong equipment investment cycle, example, Siemens and Philips. What are the specific issues you're facing there?

**A** **Justus Felix Wehmer**  
CFO & Member of the Management Board

Thank you. I think I almost gave the answer already. The diagnostical portfolio in the U.S. is one where we typically see the highest sensitivity in terms of prices and price increases. And whereas if you are referring to companies like Siemens Healthineers and their

portfolio, they are typically in categories similar to our KINEVO, for example, where reimbursement policies are more favorable and therefore, investment decisions are then made less dependent on price swings. So therefore, I think that, to me, is basically the

key difference here that I would highlight. And maybe, again, if you look carefully on the last quarter of the previous fiscal year, there was a very, very strong

August and September in the U.S. for devices, and that was always somewhat at the expense of Q1.

### Operator

There are 3 more questions by Mr. Marchesin. The second one is the IOL business is just EUR 80 million annual revenue or just slightly above 3% of the group revenues and should be a significant component of your weak performance.

### **Justus Felix Wehmer** CFO & Member of the Management Board

I think there is a misunderstanding. The 80 million refers to the IOL volume in China. So that for clarification. So therefore, I'm not sure whether knowing this now, whether the question remains the

same. But otherwise, frankly spoken, then maybe it's good to follow up with the IR team because it's a little bit difficult to communicate right now.

### Operator

All right. Thank you so much. I'm going to read out the last question. Is there the possibility of a buyout of your company by Carl Zeiss? Just to know if there is a technical possibility.



**Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Maybe I'd comment on that one. Actually, that's something I wouldn't want to comment on to not feed any speculations or get into sort of insider information.

**Operator**

Okay. Thank you so much. By now, we have not received any further questions. So, ladies and gentlemen, if there are some, please raise your hand and I will happily unmute you.

As there are no further questions, I would say we come to the end of today's earnings call. And with this, I would hand over again to Mr. Frericks for some final remarks.

**Sebastian Frericks**  
Director of Investor Relations

Thanks, everybody, for joining, for asking questions in this call and the discussion. Please reach out to the IR team for anything that may have not gotten answered completely or maybe coming up in the next few days. We'll be around talking to sell side and buy side over

the next few weeks quite a bit. So look forward to that and to hear you again on our next call at the very latest on May 12. Bye-bye.

**Andreas Pecher**  
Chairman of Supervisory Board & Interim CEO

Thank you. Bye-bye.

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