Carl Zeiss Meditec Group

Dr. Ludwin Monz, President and CEO
Justus Felix Wehmer, CFO

February 10, 2020

Agenda

3M 2019/20 at a Glance

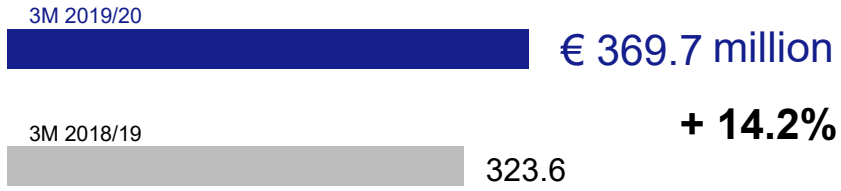
Financial Performance

Focus Topics

Outlook

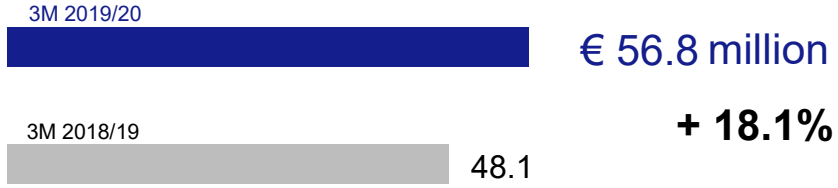
Successful Start to the New Fiscal Year with Profitable Growth in Q1 2019/20

Revenue



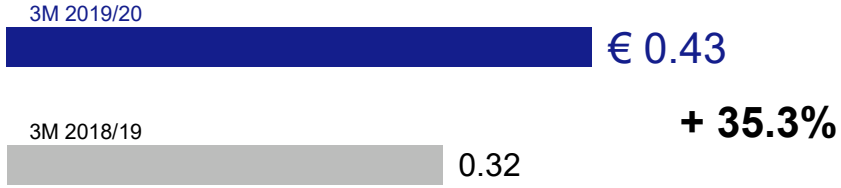
- Further profitable growth with contributions from both SBUs and all regions
- Slightly positive currency effects (FX-adj. growth of 12.7%)

EBIT



- EBIT margin increased to 15.4% (prev. year 14.9%) in particular due to strong revenue growth
- Adj. EBIT margin expanded to 15.7% (prev. year 15.1%)

EPS



- EPS well above previous year‘s level due to solid earnings trend and absence of hedging losses from Q1 2018/19

Agenda

3M 2019/20 at a Glance

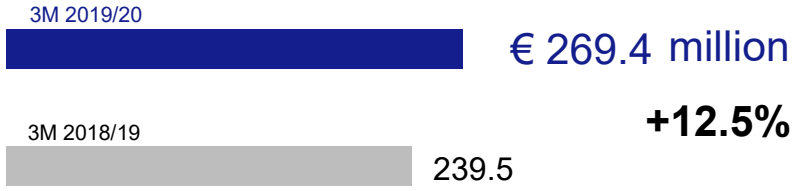
Financial Performance

Focus Topics

Outlook

Ophthalmic Devices
Well Balanced Growth Across the Portfolio

Revenue

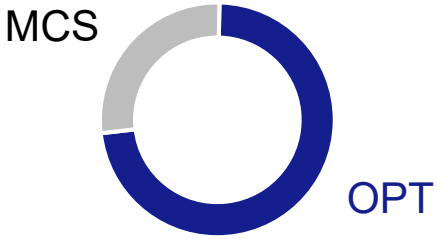


- Growth driven by both diagnostic and surgical product portfolio in equipment and consumables categories
- FX-adj. revenue growth of +11.1%

EBIT margin

- The EBIT margin declined slightly compared to the previous year - in particular due to increased R&D costs

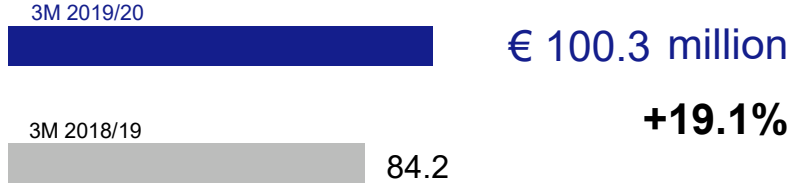
Revenue Split



72.9%
of total revenue

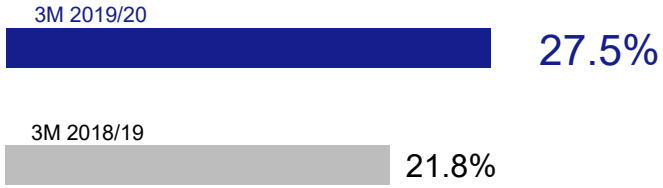
Microsurgery
Strong Demand for Our Innovative Visualization Solutions Continues

Revenue



- Continued strong revenue development of neurosurgical Robotic Visualization System® KINEVO® 900 and continued ramp-up of TIVATO® 700 for spinal surgery
- FX-adj. revenue growth of +17.4%

EBIT margin

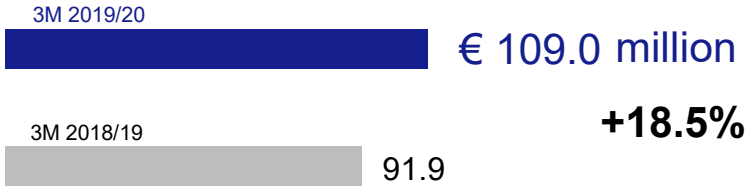


- EBIT margin increased significantly compared to the previous year due to strong revenue growth

Revenue Split

APAC and Americas Leading Growth in Q1 2019/20

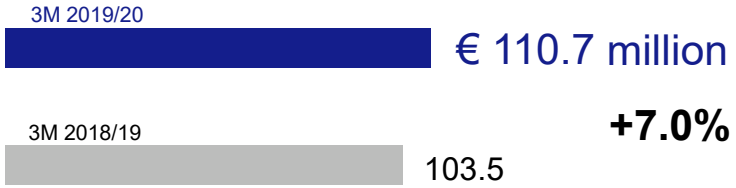
29.5%
Americas



Americas

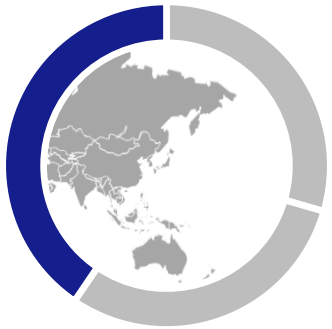
- Strongest growth in Americas with growth contribution mainly from the US as well as positive development in LatAm
- FX-adj. revenue growth of +15.5%

30.0%
EMEA

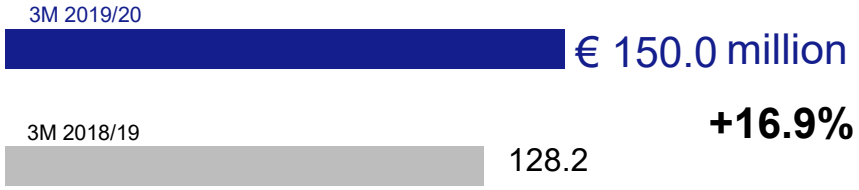


EMEA

- Main growth contributions from Germany, France and Southern Europe
- FX-adj. revenue growth of +6.9%



40.5%
APAC



APAC

- Highest growth contributions once again from China, South Korea as well as solid performance from Japan
- FX-adj. revenue growth of +15.5%

EBIT Margin Expands Slightly Despite High Level of R&D Investment

Income Statement

	in € million	in % of sales
Gross profit	206.3	55.8
	177.6	54.9
Selling & marketing expenses	82.9	22.4
	78.0	24.1
General admin. expenses	14.7	4.0
	13.8	4.3
R&D expenses	51.9	14.0
	37.7	11.7
EBIT [adj.]	56.8 [58.2]	15.4 [15.7]
	48.1 [49.0]	14.9 [15.1]

3M 2019/20 3M 2018/19

- EBIT increase and EBIT margin expansion driven by strong revenue
- R&D cost increase impacted by three main effects:
  - Capitalization of ~ € 6 mn in R&D expenses in Q1 2018/19 presented a low PY base
  - First-time IanTECH, Inc. consolidation in mid-December 2018 led to cost increase of ~ € 2 mn
  - Planned investments in strategic R&D focus areas in Surgical Ophthalmology and Digitalization
  - FY 2019/20 outlook for an EBIT margin of 17%-19% unchanged

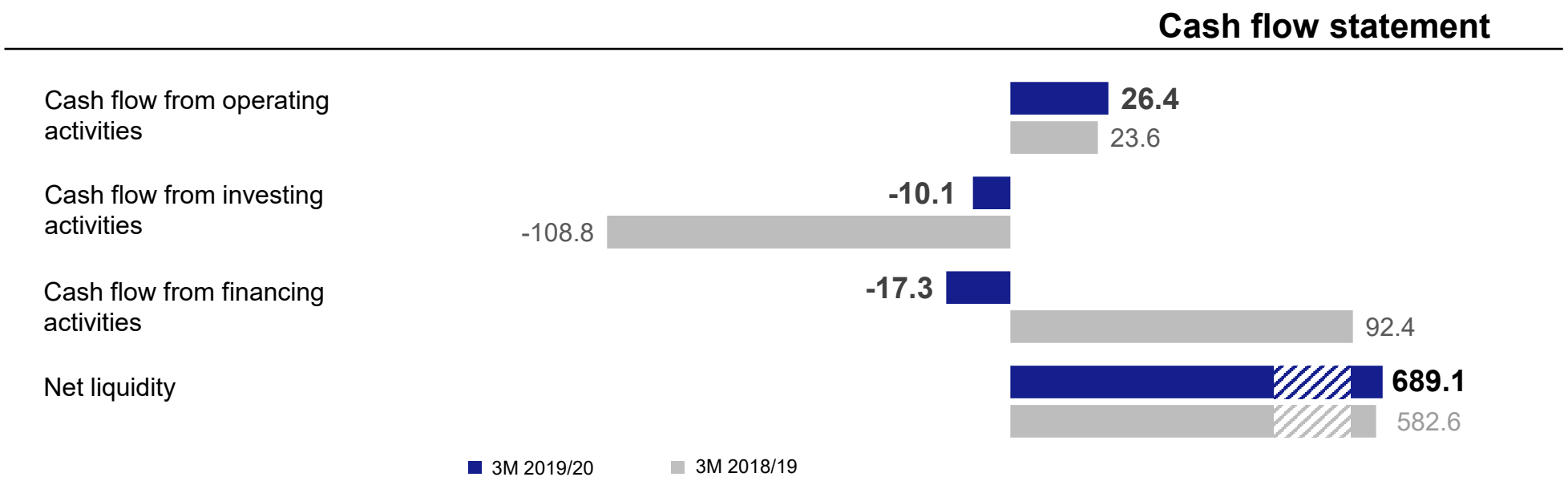
Adjusted EBIT Margin Increases to 15.7%

Adjusted EBIT margin

	3M 2019/20 € million	3M 2018/19 € million	Change to PY %
EBIT	**56.8**	48.1	+ 18.1
Acquisition-related special effects	**1.4**	0.9	
Adjusted EBIT	**58.2**	49.0	+ 18.8
Adjusted EBIT in % of revenue	**15.7%**	15.1%	+0.6% pts.

- Only modest level of adjustments from acquisitions / PPA

Operating Cash Flow Further Improved



- **Strong operating cash flow,** supported by strong earnings development
- **Cash flow from investing activities** was € -108.8 million in the previous year mainly due to the acquisition of IanTECH, Inc.
- **Cash flow from financing activities** in the previous year impacted by fund flows relation to acquisition of IanTECH, Inc.

Agenda

3M 2019/20 at a Glance

Financial Performance

Focus Topics

Outlook

Corona Virus Outbreak in China Likely to Present a Temporary Headwind to Consumables Business

- Volume of surgical procedures in Chinese New Year Period tends to be seasonally high
- Stocks of eye surgical consumables such as IOLs and Refractive Treatment Packs at a high level going into holiday period
- Hospital closures and cancellation of non-essential surgeries in mainland China metropolitan areas expected to have a negative impact on consumables sell-through
- We do not currently anticipate a change to margin outlook for FY 2019/20

More than 30,000 cases
confirmed globally

WHO Risk Assement
China very high, globally high

Prevention
Extension of holiday period in many companies in China and severe travel restrictions from/to and within China

Extension of Patient Access to Specialist Care

Many More Patients Came into Contact with Medical Devices from ZEISS in 2018/19

Health care systems are facing the challenge of treating a rising number of patients

The digital, cloud-based platform ZEISS VISUHEALTH enables remote retinal diagnosis using a mobile fundus camera and internet access, thus extending patient access to specialist care

60 mobile screening stations available in India

> 300,000 patients have been examined since 2015

In 2018/19, double-digit growth rates across consumables portfolio further extended product reach:

More than 1.4 million

intraocular lenses delivered for the treatment of cataracts

More than 1.3 million

contact glasses sold for laser treatments to correct visual acuity using the Company's SMILE and LASIK technology

Over 30,000 users

of ZEISS software solution FORUM in more than 8,000 clinics and practice

Agenda

3M 2019/20 at a Glance

Financial Performance

Focus Topics

Outlook

Outlook for Fiscal Year 2019/20 and Mid-Term Defined

Favourable Long-Term Trends

Aging of the population and growing affluence

Rising access to health care in RDEs

Increasing information access and awareness

Growing patient load, growing expectations

Our Strategic Priorities

Further expand recurring revenue generation

Extend technology leadership in cataract

Drive market penetration of SMILE Refractive Laser surgery

Lead neuro/ENT market by turning next-generation product into business growth

FY 2019/20 Outlook

FY 2019/20

Continued revenue growth ahead of our markets

EBIT margin expected between 17% and 19%

Mid-term

EBIT margin to be managed sustainably above 18%

ZEISS