



Carl Zeiss Meditec AG

**Annual General Meeting
on 27 May 2021 in Jena**

Speech

Dr Ludwin Monz, President and CEO

– Speech: check against delivery –

Ladies and Gentlemen, Shareholders,
Members of the Supervisory Board,
Guests and Friends of the Company,

I would like to welcome you to the Annual General Meeting of Carl Zeiss Meditec AG. My name is Ludwin Monz and I am President and CEO of Carl Zeiss Meditec AG. This is now the second time that we are holding our Annual General Meeting entirely virtually, as the pandemic set in motion by the coronavirus COVID-19 unfortunately means that attendance at events of this size is still not permitted. I regret this very much and hope that we will be able to meet in person again next year.

Dear Shareholders, Guests,

the pandemic had a major impact on fiscal year 2019/20 for Carl Zeiss Meditec AG. The health care system worldwide was faced with the enormous challenge of caring for a large number of COVID-19 patients and containing the initially unknown disease. The drastic measures taken by some countries led to an unprecedented economic collapse, which also affected us as a company and presented us with an enormous challenge.



Particularly in the initial weeks and months of the pandemic, it was not possible to foresee the extent and the economic implications of the collapse. It was therefore necessary to respond quickly to the dramatic decline in demand, without jeopardizing delivery capacity and therefore the Company's business activities. Measures had to be taken to significantly reduce costs, in order to stabilize our Company.

The first quarter of fiscal year 2019/20 preceded the pandemic and was very strong. However, business took a marked downturn in the second quarter with the start of the pandemic in China. In the third quarter, when the pandemic had arrived in Europe, we recorded a veritable slump in sales, before business initially began to recover. Compared with the previous fiscal year 2018/19, the Carl Zeiss Meditec Group ended the last fiscal year with a revenue decline of 8.5 percent. A result that I consider to be extremely encouraging in light of the pandemic.

During this fiscal year, which was dominated by the pandemic, we made it a priority to also be a reliable partner for our customers, and especially at this difficult time. Particularly during the initial phase, we had to find ways to maintain medical operations in practices and clinics. For example, we developed solutions to protect doctors and patients against infection during ophthalmic examinations. We provided these to our customers free of charge, which was very gratefully accepted.

However, protecting the health of our employees was also a top priority for us. One example I would like to mention is that we very quickly moved a substantial portion of our office workstations to the home office. In our production areas, we introduced various measures to increase the physical distance between employees. I am pleased to report that there were practically no infections within the Company. Activities were and continue to be coordinated by a task force, which reports to the Management Board.



Ladies and Gentlemen,

The stresses for our employees worldwide, both in their personal and professional lives were very high last year. Our employees have achieved tremendous things and I would like to take this opportunity to thank them for their exceptional commitment. Without their high level of dedication, the result achieved by our Company would not have been possible.

I would also like to thank my colleagues within management and on the Company's Management Board, who were also very much challenged during the crisis situation. Furthermore, I would like to thank the members of the Supervisory Board, who supported the Company with a great level of commitment, particularly in the extraordinarily challenging time of crisis.

And you, our shareholders: you should also share in Carl Zeiss Meditec AG's success. Later on, we shall vote on the payment of a dividend.

Ladies and Gentlemen,

After this turbulent period, we are feeling optimistic about the future. We are confident that the most difficult phase of the pandemic is now behind us, that the vaccination campaign will also have an increasing impact in Germany, and that the pandemic can soon be contained worldwide. We expect global markets to recover by no later than 2022.

2022 will be a special year for our company. Carl Zeiss Meditec AG was established in its current form 20 years ago from the merger of the ZEISS Ophthalmology division with Asclepion-Meditec AG, a medical laser specialist. On 22 July 2002, the Carl Zeiss Meditec AG share was traded on the *Neuer Markt* for the first time. Since then we have been striving to improve the quality of life of our patients with our products and solutions and to help shape medical progress. We specifically combine diagnostics with therapy and optimize our customers' workflows. And thus, out of a ZEISS division that was



already steeped in tradition at that time and a nascent start-up there emerged what is now a world leader in ophthalmology and microsurgery: Carl Zeiss Meditec AG.

When Carl Zeiss Meditec AG was founded almost 20 years ago, the Company was focused on the core business of ophthalmology and had a variety of diagnostic equipment and refractive lasers in its portfolio. Key to the Company's success was its vision of building a comprehensive and complete product portfolio and positioning the Company as a solutions provider in ophthalmology. Treatment paths and processes of its customers, namely optometrists, ophthalmologists and ophthalmic surgeons were to be covered seamlessly and completely. We can now say with pride that we are the partner of choice for many customers in the area of ophthalmology and that our solutions for diagnostics, therapy and aftercare in ophthalmology are considered the industry benchmark.

A major success factor was also a dynamic and bold investment policy. By acquiring various companies, we expanded our offering and therefore also increased our market shares. Our product range for ophthalmic diagnostics, refractive surgery as well as intraocular lenses is now one of the broadest in the market, highly innovative solutions for doctors and patients.

Dear Shareholders,

In 2006, the former ZEISS Surgical Devices division was incorporated into Carl Zeiss Meditec AG. This further expanded the offering for ophthalmology. At the same time, new customer groups were gained with the products for microsurgery, such as neuro and ENT surgeons, as well as dentists.

The Carl Zeiss Meditec Group's field of activity is thus split into the two strategic business units Ophthalmic Devices (OPT), in other words, ophthalmology, and Microsurgery (MCS), in which the business is organized according to the respective fields of application and customer groups.



In the area of ophthalmology, physicians treat conditions more commonly seen in older people, such as cataracts or age-related macular degeneration. It is in this area that the medical profession sees itself faced with a steadily growing number of patients, due to demographic change worldwide. A trend we are also seeing in Germany: according to the German Federal Statistical Office, the number of people aged 67 and over increased by 54 percent between 1990 and 2018, from 10.4 million to 15.9 million. This number is expected to grow by a further 5 to 6 million by 2039, to at least 21 million.

Carl Zeiss Meditec AG is addressing this trend and offers products and solutions for ophthalmology that give physicians an efficient workflow and improve the results for ophthalmic patients at the same time.

Particularly in the current pandemic, it is becoming clear how crucial efficient workflows and better data integration are for our customers. We focus on all treatment steps, which I would like to briefly explain to you now – Ladies and Gentlemen – taking the ZEISS Cataract Workflow as an example:

In the first step – which we call “Evaluate and inform” – a comprehensive diagnosis forms the basis for a successful cataract treatment. In this first step, the ZEISS IOLMaster, for instance, enables contactless, rapid measurement of the corneal radii (keratometry) and the axial length of the eye (from the front of the cornea to the retina). It is possible to identify any concomitant diseases, such as astigmatism. Thanks to new software function that we introduced in the past fiscal year, we can now also record information on the shape of the central cornea, in addition to measuring axial length with the ZEISS IOLMaster 700. Based on the specific measurements, the ZEISS IOLMaster gives a recommendation for the appropriate intraocular lens.

In the next step in the Cataract Workflow, physicians can plan the surgical procedure.



Our latest software solution combines the various steps of the Cataract Workflow and ensures that all relevant data is consistently available throughout all treatment steps. For example, the measurement data from the IOLMaster are automatically transmitted to the digital surgical microscope ZEISS ARTEVO 800. During the operation, this data are then used by the surgical assistance system ZEISS CALLISTO eye. This system enables the surgeon to correctly position and align the artificial lens. This is essential for ensuring an optimum visual outcome for the patient.

Carl Zeiss Meditec addresses the challenges in ophthalmology from the customers' perspective and focuses on their clinical workflows, offering solutions relating to the various workflows, such as cataracts, cornea, glaucoma and refraction. In doing so, the Company also comes up against new developments, such as dealing with the significant rise in myopia, especially in children. Only recently, myopia was described in German newspapers as a new widespread disease. Short visual distances when using smartphones, PCs and watching television increase the risk of myopia, the more often and longer screens are looked at.

Carl Zeiss Meditec AG offers one of the widest ranges in the industry for the laser correction of adult myopia. We have made a lasting impact on the market with the development of the minimally invasive SMILE® procedure. This procedure uses the ZEISS femtosecond laser VisuMax. Over the last ten years more than 4 million eyes have been treated with SMILE®. The procedure is now regularly performed in more than 80 countries by over 2,500 surgeons.

Dear Shareholders,

In the strategic business unit Microsurgery, Carl Zeiss Meditec AG offers solutions for minimally invasive surgical treatments. This is an area that ZEISS has been influencing with innovations for a long time, making a large number



of microsurgical procedures possible in the first place. Over the past four years we have launched many new products and offer visualization systems for neuro and spinal surgery, ENT and reconstructive surgery, as well as dentistry.

The young product portfolio also included the ZEISS TIVATO 700. This multidisciplinary visualization system, which was developed for spinal surgery, ENT and reconstructive surgery, has recently become available with a simple, basic configuration. We therefore meet the challenges of the different markets and also make our visualization systems attractive to new market segments.

Another interesting product for microsurgery is the ZEISS CONVIVO. This is a device that is used for in vivo pathology in neurosurgery, in other words, for examining tissue directly at the patient. It was launched in June 2020. In brain tumor resection the challenge is to remove the tumor as completely as possible while also protecting parts of the brain that are responsible for certain functions, such as movement, speech or vision. ZEISS CONVIVO enables microscopic images of tissue to be transmitted to a pathologist live from the operating room, so to speak. This helps the surgical team to identify the tumor margin. American neurosurgeon Peter Nakaji sees this as a crucial advantage.

ZEISS CONVIVO is part of the ZEISS Tumor Workflow and supports physicians, in combination with the robotic visualization system ZEISS KINEVO 900 and the intraoperative irradiation device ZEISS INTRABEAM 600, in the multidisciplinary treatment of brain tumors.

Ladies and Gentlemen,

Collaboration with scientists and users has always been part of the ZEISS corporate culture. And it was from such a collaboration that the robotic visualization system ZEISS KINEVO 900 emerged for spinal and neurosurgery. In the past fiscal year, a team from Carl Zeiss Meditec, representing the more



than 300 highly qualified engineers, scientists and users who were involved in the development of the product, was nominated for the German Future Prize 2020 along with Prof. Raabe, Head of the Department of Neurosurgery at Inselspital, Bern University Hospital. This is the award of German Federal President Frank-Walter Steinmeier for Technology and Innovation. Although we were not the ultimate winners of the competition, the distinguished panel of judges selected the ZEISS KINEVO 900 as one of the three finalists. Being part of the final is an honor that we as a company are extremely proud of.

Ladies and Gentlemen,

As you can see from these examples: Over the past number of years, Carl Zeiss Meditec has evolved from a supplier of technologically superior specialty products into an innovative and customer-focused solutions provider. Our strategy is to generate sustainable and profitable growth as market and technology leader in the field of ophthalmology and microsurgery. Our solutions aim to improve treatment outcomes for patients, reduce treatment costs and to improve access to high-quality medical care for as many people as possible. This is how we make a contribution to medical progress.

Another strategic objective is to build a balanced product mix of capital goods and consumables. We have since been very successful in this regard: the share of revenue generated from consumables and service currently amounts to around 39 percent. During the COVID-19 crisis we have benefited from the very different dynamics of the two product groups. The effect was particularly advantageous for the development of revenue and therefore for the Company's financial stability.



Ladies and Gentlemen,

Carl Zeiss Meditec AG's headquarters have been located in Jena since the Company's formation in 2002. But even then, we had an international presence with subsidiaries in Dublin, California in the USA and in Tokyo, Japan. It is very important to us that we see the various countries not just as markets, but that we also exploit their potential for cooperations, product developments or for our production activities.

Today, in 2021, in addition to its other German locations in Oberkochen, Munich and Berlin, Carl Zeiss Meditec AG has subsidiaries all over the world. More than 50 percent of our employees now work outside of Germany. International locations in the USA other than Dublin in California, also include Reno in Nevada, for example, Temple in Texas and Ontario, also in California. In Europe, we are directly represented in Madrid, Spain, as well as Paris and La Rochelle in France. In China, we have opened a new location in Guangzhou. We also have access to the structures of the ZEISS Group. For instance, we use the Center for Application and Research in Bangalore, India and the Carl Zeiss Innovation Center in Shanghai, China.

Carl Zeiss Meditec is represented in key medical technology markets by its own sales companies. We also use the sales network of the ZEISS Group, with its around 60 sales and service locations. We therefore have global market coverage and have systematically expanded our market position over the past 20 years. In fiscal year 2002/03, the Americas region still accounted for 50 percent of revenue, while Europe and Asia/Pacific each accounted for one quarter. This ratio has shifted considerably over time, mainly driven by the rise of China as a dominant economic power. In the past fiscal year 2019/20, the Asia/Pacific region accounted for a share of almost 44 percent of total revenue, while the two other regions accounted for around 28 percent each. Admittedly, the COVID-19 crisis played a role in this, although Asia was less



affected economically; it does, however, indicate a shift in global economic output.

The international positioning of our Company influences our teams significantly. But even beyond our national borders, it is very important to us to have maximum diversity on our teams. Other dimensions of diversity also include professional expertise, ways of thinking, lifestyles, gender, age or cultural backgrounds.

On this slide we see four team members of Carl Zeiss Meditec AG, who see global mobility as an opportunity. Guillaume Gasc, for example, worked at the site in La Rochelle, France, before he relocated to Berlin. He says: "Many of our innovations are developed by cross-location teams. So, why shouldn't I change my own perspective?" Or Suki Gu, who began her career at ZEISS in China and who worked as part of a global trainee program run by the ZEISS Group at our locations in Dublin, USA, and Oberkochen, Germany. She considers language skills and cultural experiences as major advantages for herself but also for the Company.

It is our firm belief that diverse teams achieve better results. Diversity strengthens the innovative capacity of our Company. At the same time, diversity in its various forms is also crucial to global success.

Dear Shareholders, Guests,

As I said earlier, Carl Zeiss Meditec AG can now look back on almost 20 successful years. Professor Michael Kaschke laid the foundation for this with the Company's formation in 2002. At that time, he was responsible for the Medical Technology business group in his capacity as a member of the Executive Board of the ZEISS Group. It was he who developed the vision of the innovation-driven medical technology company and the concept for Carl Zeiss Meditec AG. Professor Kaschke has been with Carl Zeiss Meditec AG since its foundation as Chairman of the Supervisory Board, although he



temporarily handed over this role to Dr. Guthoff from 2008 to 2010, because he himself was CEO of the Company during this critical period of global financial crisis.

As you can see from the agenda for today's Annual General Meeting, Professor Kaschke shall stand down as an ordinary member of the Supervisory Board of Carl Zeiss Meditec AG at the end of this Annual General Meeting and shall not stand for re-election. This is because, as I can now inform you, he has entered into a well-deserved retirement.

Professor Kaschke, the Management Board and Supervisory Board have asked you and jointly proposed to you that you continue to serve the Company in an advisory capacity in future, as Honorary Chairman of the Supervisory Board. You have agreed to do this, and I would like to thank you most sincerely. I look forward to working with you in this new role.

Professor Kaschke, I would also like to thank you on behalf of the Supervisory Board and the Management Board of Carl Zeiss Meditec AG for your extraordinary commitment to the Company and for your expert and critical support over many years. The success of Carl Zeiss Meditec is quite certainly also your personal success. We wish you all the very best for the future.

Another change relates to Dr. Guthoff, who shall also retire from the Supervisory Board by rotation at the end of the Annual General Meeting. Dr. Guthoff has also been a longstanding member. He was elected by the Annual General Meeting as an ordinary member of the Supervisory Board for the first time in 2004. He was, as I said earlier, Chairman of the Supervisory Board from 2008 to 2010 and Chairman of the Audit Committee for many years.

Dr. Guthoff, your professional expertise and your at all times constructive critical support have been a true mainstay for the Management Board and Supervisory Board for many years. I would also like to thank you on behalf of



the Management Board and Supervisory Board for your extraordinary dedication to Carl Zeiss Meditec. I wish you all the very best for the future.

So, now, as a result, new elections to the Supervisory Board are due today, which Professor Kaschke will go into in more detail shortly.

Dear Shareholders,

Let me now take a look ahead to the future. What is coming, what is staying as it is? There is no doubt that the pandemic has changed a lot of things. But even crises hold opportunities. Digital solutions, in particular, have become even more significant and are now more widely accepted due to the pandemic. I spoke about this with ophthalmologist Dr. Brandon Ayres from the USA in fall 2020. He confirmed that many of the measures they had to take in his practice and clinic, due to quarantine and the pandemic, are going to remain after the pandemic - because they are better and more efficient than the previous procedures. Dr. Ayres cited digital imaging, for example, and thus the possibility to see patients remotely and communicate with them. Carl Zeiss Meditec AG has been working for years on solutions for telemedicine and shall continue to invest in digital products.

In the widely discussed "new normal", in other words the period after containment of the pandemic, I expect to see a change in the way we work together. We shall combine the benefits of digital communication and collaboration with face-to-face interaction. A new world of work shall emerge that will be characterized by independent work, a high degree of flexibility, as well as efficiency and productivity at the same time. We still have to figure out the correct balance. But we see the phase ahead as an opportunity to further develop the Company. We certainly have an exciting time ahead of us.

Ladies and Gentlemen,



As I already said at the start of my speech: The pandemic shaped the past fiscal year and its effects were also reflected in the business figures. After an encouraging start to fiscal year 2019/20, the measures to contain the COVID-19 pandemic began to have a significant impact on our customer groups from the second quarter and thus on demand for our products. Most elective surgeries, which include the majority of eye operations, were postponed and some investments in medical devices were deferred. Some markets already recovered again in the fourth quarter of fiscal year 2019/20. Unfortunately, this trend did not entirely compensate for the slump in demand for our products in the second and third quarters. As I said at the beginning, compared with the prior year, the Carl Zeiss Meditec Group ended the fiscal year with a revenue decline of 8.5 percent.

In spite of this, numerous measures to cut costs and strict cost discipline enabled us to keep the Company financially stable and we achieved a solid operating profit with a continued double-digit EBIT margin. Our activities to increase the organization's resilience, which we had already been intensively pursuing in the fiscal year before last, paid off in this respect. We were also helped by the rapid recovery of our consumables business in our largest markets in the Asia/Pacific region. Our thanks goes to the teams on site – for example in China and South Korea, which were the first regions to be affected by the pandemic and had to adapt very quickly to the new conditions.

Thus, after a difficult year overall, a revenue decline of 8.5 percent to around €1.3 billion. Both of our strategic business units Ophthalmic Devices and Microsurgery reported declines of minus 7 and minus 12 percent, respectively.

In the Ophthalmic Devices business unit, which generated total revenue of €990 million, the extraordinarily resilient business with recurring revenue, in



particular, had a stabilizing effect. Recurring revenue arises, for example, from service contracts, as well as from the sale of implants for cataract operations or from consumables for refractive laser surgery. At 39 percent, recurring revenue as a proportion of total business reached a new all-time high - the absolute figure increased to half a billion euros for the first time.

The Microsurgery business unit ended the year with revenue of €345 million.

The Asia/Pacific region limited its revenue decline to around 2 percent and recorded revenue of €589 million. The recovery in China in the second half of the year and an exceptionally stable business in South Korea played a particularly important role in this. Accounting for 44 percent of total business, the Asia/Pacific region generated the largest share of our business.

In the EMEA region, Europe/Middle East/Africa, and the Americas region, the declines in revenue were even greater and reached double-digit percentages. In EMEA, revenue fell by 13 percent in fiscal year 2019/20, to €362 million. The markets in France, the UK and the dealer markets in the Middle East and North Africa suffered the most significant losses. Germany and the Scandinavian countries, on the other hand, were relatively stable.

Revenue in the Americas region also declined by almost 13 percent to €384 million. The continent's leading economic region, the USA, was affected, as were the countries of Central and South America.

Carl Zeiss Meditec's operating result decreased by around a third in fiscal year 2019/20, to just under €178 million. The EBIT margin declined from 18.1 percent in the prior year to 13.3 percent. Earnings per share fell by around a quarter to €1.37.



Dear Shareholders,

This brings me to an important part of this year's Annual General Meeting - the dividend.

As in previous years, we would like you, our valued shareholders, to share appropriately in the Company's success. As you know, we operate a profit-driven and continuous dividend policy. On this basis, the Management Board and Supervisory Board strive for a distribution ratio of approximately one third of consolidated profit after non-controlling interests. The proposed distribution ratio to be resolved today for fiscal year 2019/20 is 36.5 percent.

Specifically, the Management Board and Supervisory Board propose to you the distribution of a dividend of €0.50 per share.

By having a sustainable dividend policy, we ensure that the Company also has sound financing in the future and that we can continue to invest in growth to sustainably increase the Company's value. This is something we intend to maintain in future, too.

Ladies and Gentlemen,

The COVID-19 pandemic dampened the economic outlook in the past fiscal year. It is encouraging to see that the medical technology market is already recovering again. In the medium and long term it shall benefit from the underlying megatrend. Particularly significant is the demographic trend. While the populations of some countries are aging significantly, the populations of other countries are, in turn, growing apace. Both effects are resulting in growth in demand for medical services. As prosperity grows and knowledge about treatment options continues to improve, patients' expectations in terms of the outcome of a medical treatment also increase. This drives up the expectations of physicians with regard to their medical equipment. Digitization is presenting the industry with new opportunities and challenges.



In light of these trends and our broad positioning by business and region, I consider our Company well prepared to continue participating in market growth and to continue to expand its already strong market position in future, too.

Ladies and Gentlemen,

Carl Zeiss Meditec AG has made an exceptionally strong start to fiscal year 2020/21. Particularly in the second quarter, revenue returned to significant growth and, at €767.4 million, was already well above the prior-year level again after 6 months. We therefore achieved the same revenue as before the pandemic again.

Our operating profit amounted to €162.7 million in the first six months of fiscal year 2020/21, which corresponds to an EBIT margin of 21.2 percent. This is a new record. Our operating profit did, however, benefit in particular from low selling and marketing expenses, which have not yet returned to their pre-crisis level due to the COVID-19 pandemic.

Based on the development of business in the first six months and as a result of the increasingly successful containment of the pandemic due to the vaccination campaigns, we are optimistic that business development will continue to normalize over the further course of fiscal year 2020/21.

We are expecting revenue of around €1.6 billion and an EBIT margin of around 20 percent for the year as a whole. We are assuming that there will be no further deterioration of the pandemic situation. In the medium term, we continue to expect revenue growth at least on a par with the market, as forecast prior to the pandemic, and an EBIT margin sustainably above 18 percent.



Dear Shareholders, Guests,

Carl Zeiss Meditec AG's good performance over the past fiscal year in spite of the pandemic is down to the longstanding trust of our customers, partners and investors. For that I would like to say a huge thank you on behalf of the entire Management Board. We are working together with our dedicated employees to ensure that you continue to place your trust in us in future.

Thank you very much for your attention!