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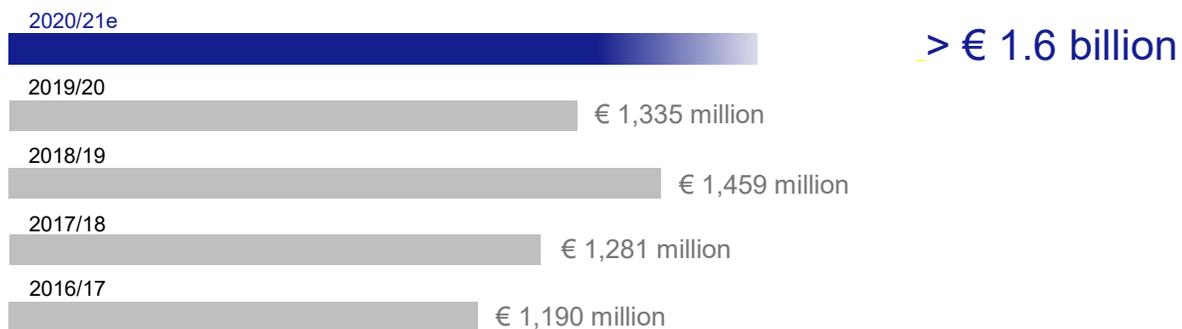


# Leading market position in Ophthalmology and Microsurgery

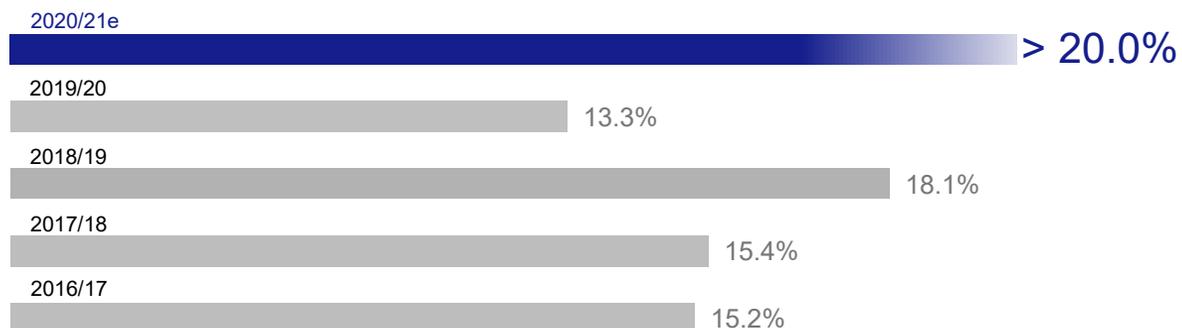
## Solid revenue development over last 5 years



### Total revenue



### EBIT margin



### MCS

26%

of total revenue



### OPT

74%

of total revenue

Reporting date September 30, 2020

- Headquarters in Jena, Germany
- Around 3,290 employees worldwide
- Listed on the MDAX and TecDAX
- 59% of shares held by Carl Zeiss AG
- Leading market positions:  
#2 in Ophthalmology - #1 in Microsurgery

# Our markets benefit from structural tailwinds

## Attractive outlook for Medical Technology



1  
2  
3  
4  
5



➤ Aging of the population and growing affluence



➤ Growing patient load requires more efficient workflows



➤ Need to improve surgical treatment outcomes



➤ Increasing information access and awareness



➤ Rising access to health care in RDEs

# Ophthalmic Devices

## Advancing eye care - Every step of the way



### Ophthalmic Diagnostics



Market size<sup>1</sup>:  
€ 1.8 to 2.2bn

Diagnosis and chronic disease management

### Refractive Laser Surgery



Market size<sup>1</sup>:  
€ 0.9 to 1.1bn

Corneal surgery for visual correction

### Surgical Ophthalmology



Market size<sup>1</sup>:  
€ 7.0 to 7.5bn

Cataract and retinal treatment

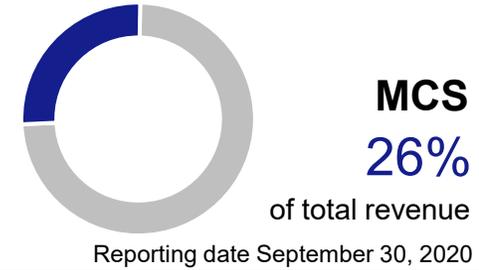
**Customers:** ophthalmologists, optometrists, ambulatory surgery centers, hospitals/eye clinics



<sup>1</sup> Market Scope®, CZM internal estimates

# Microsurgery

## Redefining surgical visualization



### Visualization

Tumor, aneurysm, reconstructive,  
dental surgery

Market size<sup>1</sup>:  
€ 0.6 to 0.7bn



### Surgical Oncology

Intraoperative radiation

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



<sup>1</sup> Market Scope®, CZM internal estimates

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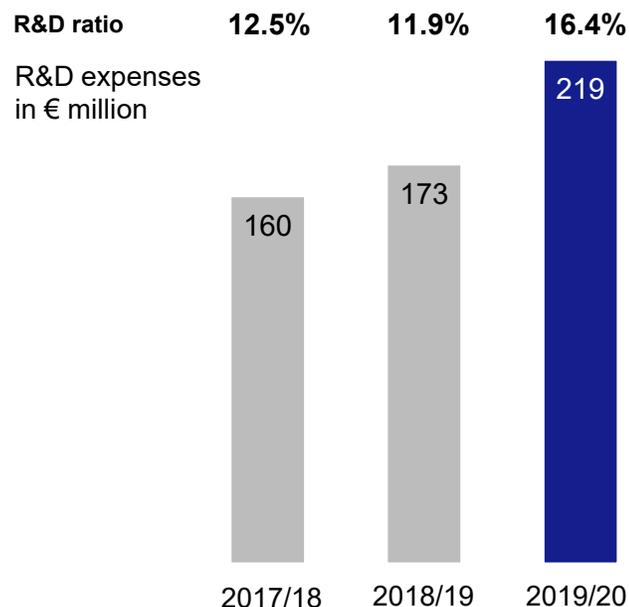
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# Strong position in key technologies and leading in market shaping innovation



ZEISS innovates to drive customer value through superior solutions.



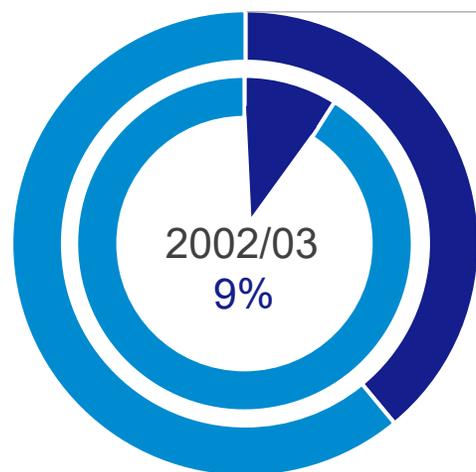
High commitment to R&D investment resulting in technology leadership across our portfolio.

- 1 LEADING INNOVATION AND PUSHING THE BOUNDARIES OF TECHNOLOGY**  
Shaping technological progress by turning state-of-the-art technology into superior applications  
**History of gold standards in optical technologies**
- 2 DEVELOPING WITH THE CUSTOMER**  
Involving customers and key opinion leaders from an early stage - integrated into optical R&D network of the ZEISS Group  
**Application-driven development**
- 3 CONNECTIVITY & DATA MANAGEMENT**  
Specific applications and workplaces to handle data and to support decision-making  
**Lead the digitization of our business**
- 4 WORKFLOW- AND OUTCOME-DRIVEN SOLUTIONS**  
Integrated solutions supporting strong treatment outcomes and efficient workflows  
**We integrate our products into systems**

# Broad and diversified portfolio with growing share of recurring-revenue generating products



Share of recurring revenue to total sales has advanced steadily over nearly two decades



2019/20

~39%  
of total revenue  
of € 1,335 million



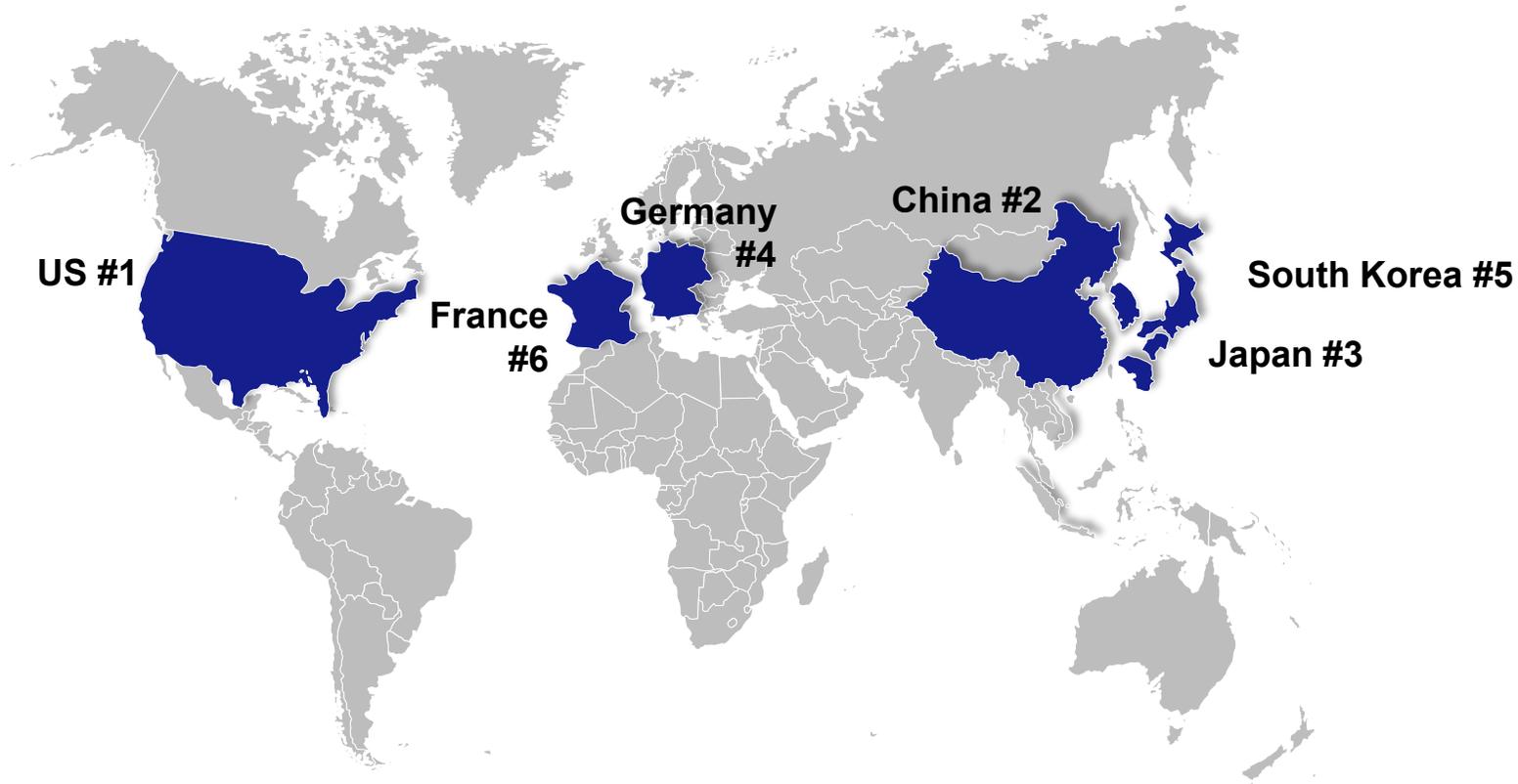
- More recurring revenue has allowed for profitable growth and less cyclicality.
- We steadily broaden our service offering to complement our product offering and enhance the share of recurring revenue.
- Recurring revenue has reached a new record level of around 39% in 2019/20 (+5% const. fx despite impact of pandemic)
- Key components of recurring revenue: Surgical Consumables (e.g. intraocular lenses (IOLs), refractive treatment packs, OVD's) and service revenues

<sup>1</sup> Intraocular lenses (IOLs) and various consumables are sources of recurring revenue (e.g. viscoelastics, phaco cassettes, refractive laser treatment packs, drapes, etc.)

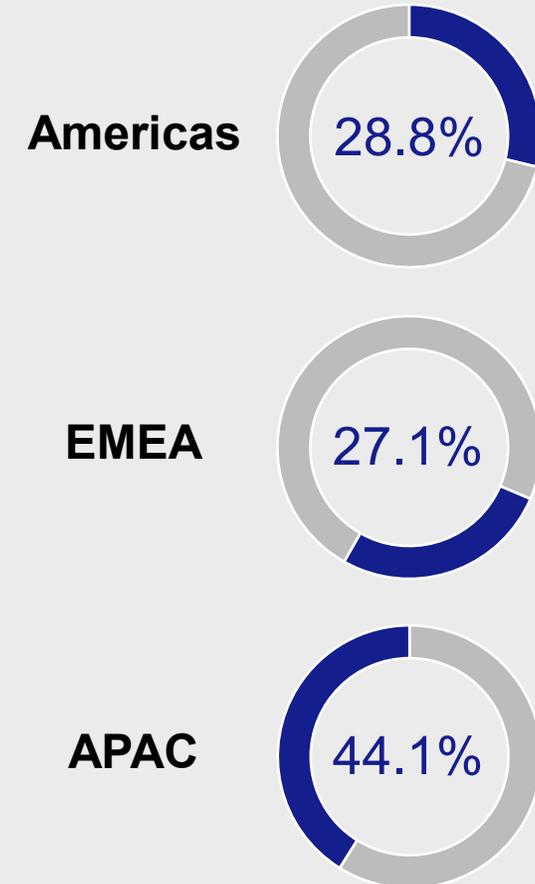
# APAC has become the largest region for Carl Zeiss Meditec AG



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



Carl Zeiss Meditec Group's regional split  
In % of total revenue 2019/20



# ZEISS provides the most comprehensive diagnostic and surgical solution portfolio in eye care



						
Diagnostics	Routine Diagnostics	+				+
	Retinal Imaging	+			+	+
	Perimetry	+				+
	Biometry	+	+		+	+
Surgical	Therap. Laser Surgery	+			+	+
	Refr. Laser Surgery	+	+	+	+	
	Surgical Microscopy	+	+			+
	Phaco & IOLs	+	+	+	+	

- ZEISS provides gold standard systems and solutions across eye diagnostics and surgery based on deep application know-how in optics and imaging.
- Connectivity of imaging and surgical devices used to support surgeons' quest for premium treatment outcomes and workflow efficiency.

All trademarks are property of the respective owner.

# ZEISS Medical Ecosystem roll-Out underscores lead in digital solutions



The **ZEISS Medical Ecosystem** represents a fully integrated environment where a combination of devices, data management, software applications and services enable our customers to stay connected to each other and to their patients.

## Connected Devices



Our devices generate **vast amounts of data**.



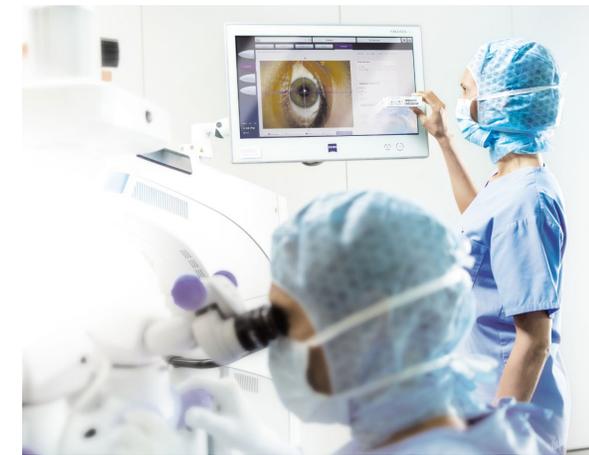
## Cloud-based data management



**Cloud based digital platform** to store the customer data in a **secure and compliant environment** accessible or retrievable from anywhere.



## Software & AI applications

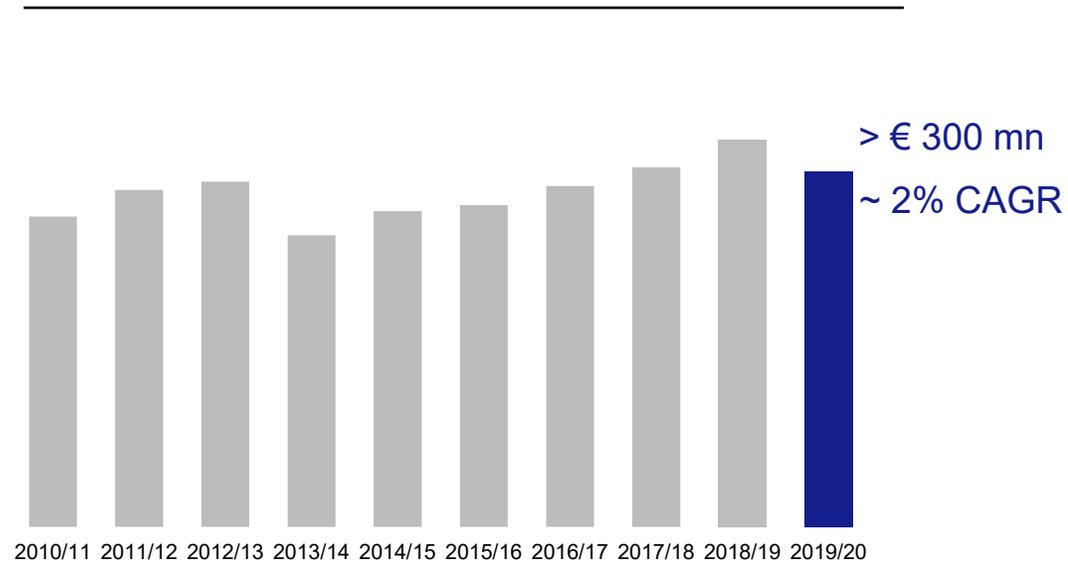


**Applications enable customers** to benefit from a **streamlined** workflow, improved clinical planning and algorithms designed to monitor performance and contribute to patient outcome quality.

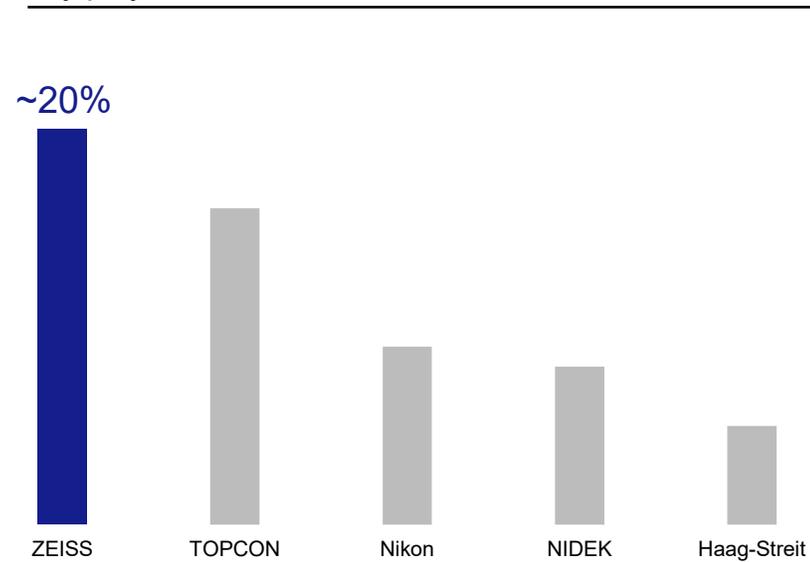
# ZEISS leads Ophthalmic Diagnostics industry with broad portfolio



Stable revenue trend in ODX



Key players and estimated market share in ODX<sup>1</sup>

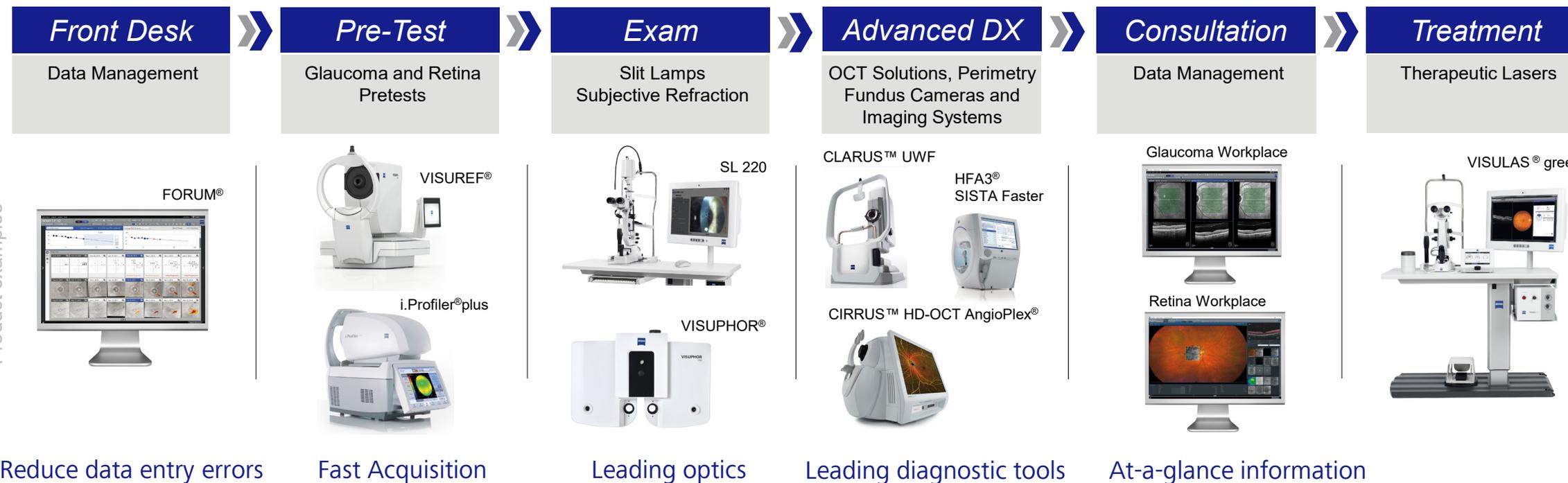


- ZEISS has maintained its historic leadership in ophthalmic diagnostic technologies for management of chronic age-related eye diseases
- FORUM data management infrastructure provides best-in-class connectivity, data archiving and analytical features
- Revenue growth accelerated before COVID-19 pandemic due to significant product launches & portfolio overhaul in OCT and fundus imaging

<sup>1</sup> Market Scope®, CZM internal estimates

# ZEISS Ophthalmic Diagnostics

## Solutions managing & supporting practice performance

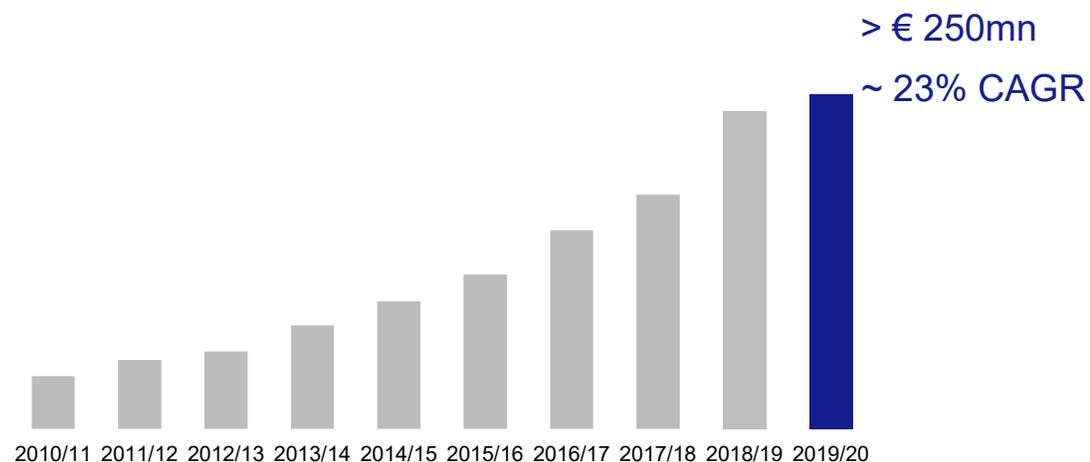


Product examples

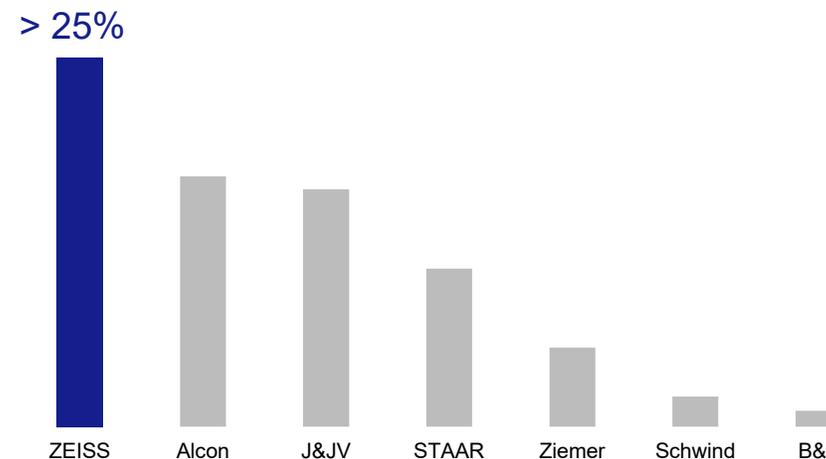
# Refractive Laser has been a growth engine for ZEISS



Strong revenue growth in REF



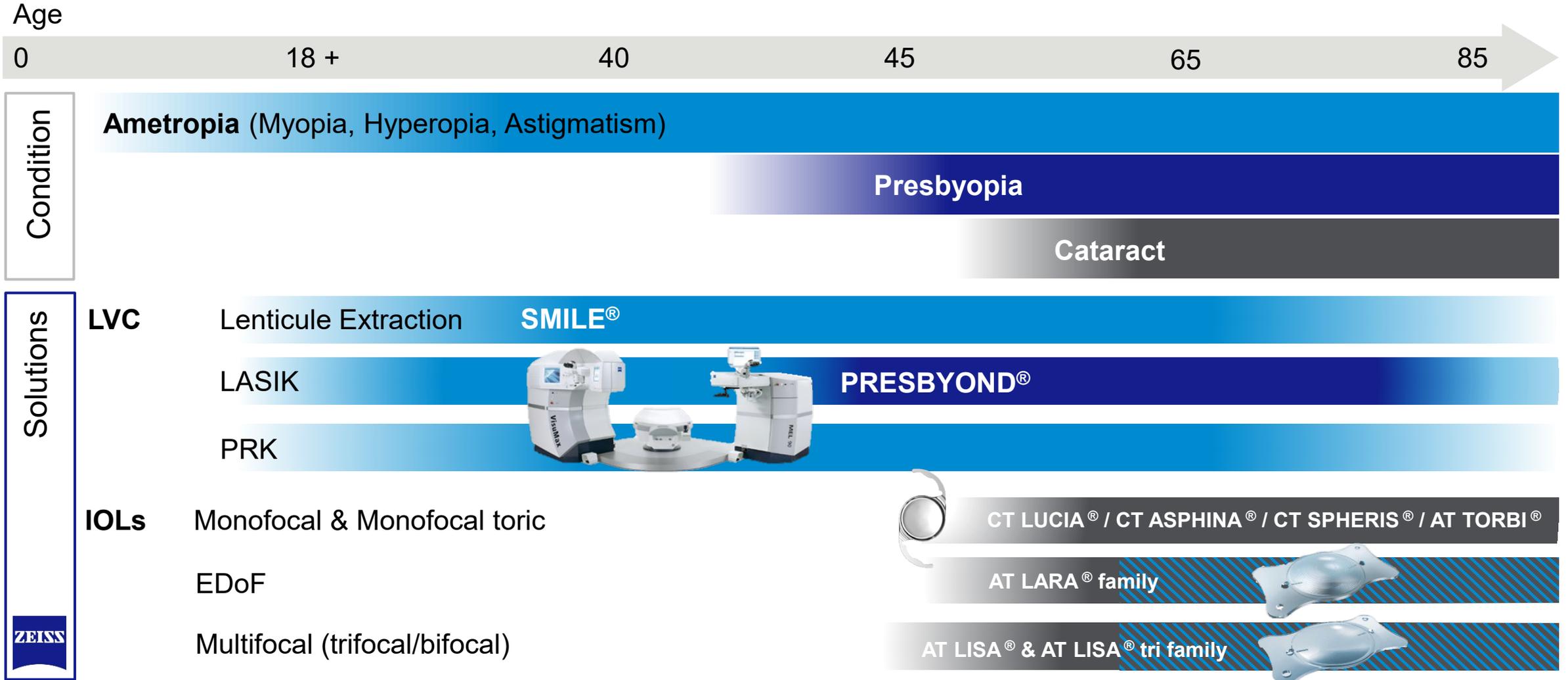
Key players and estimated market share in REF<sup>1</sup>



- ZEISS entered the refractive laser business in 2002 through the acquisition of Asclepion Meditec
- Strong driver of recurring revenues: > 60% recurring from treatment packs and service in FY 2019/20
- ZEISS has captured a majority of the growth in the refractive laser market over the past years as adoption of the SMILE technology has accelerated
- Strong growth in APAC (China, South Korea)

<sup>1</sup> Market Scope®, CZM internal estimates

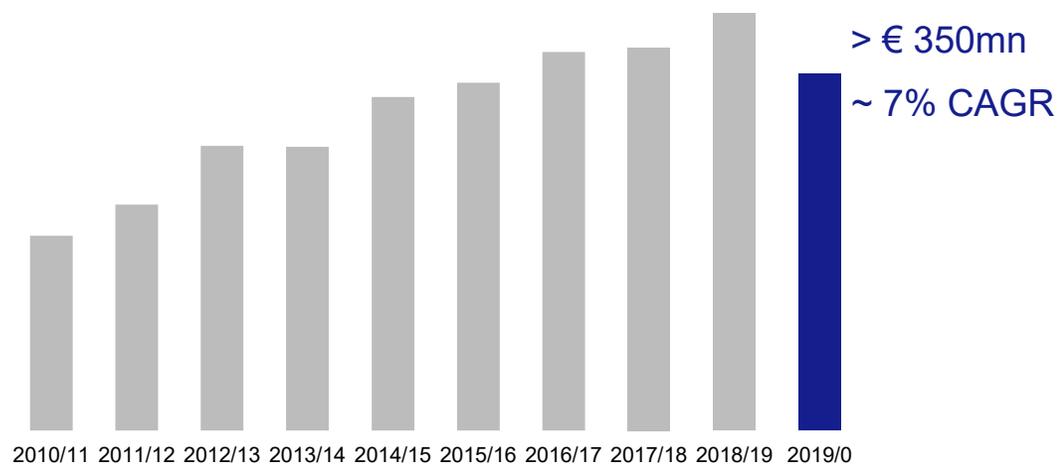
# ZEISS Ophthalmic Surgical solutions cover a patient's entire ocular lifecycle



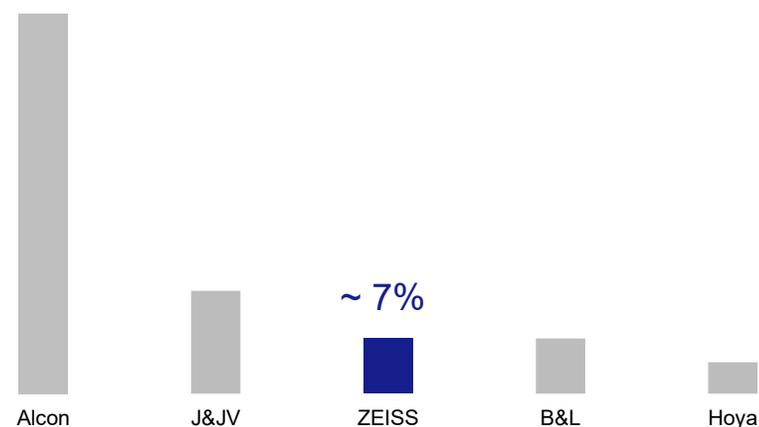
# Surgical Ophthalmology has provided steady above-market growth over the past decade



Continuous revenue growth in SUR



Key players and estimated market share in SUR<sup>1</sup>



- SUR has grown significantly ahead of market growth for the last decade
- Largest contributor to recurring revenue

- Most innovative portfolio in industry with high share of premium IOLs
- Leading position in Surgical Microscopes and Biometry

<sup>1</sup> Market Scope®, CZM internal estimates

# ZEISS Cataract Suite

Integrated solutions to provide highest level of care



Product examples

IOLMaster® 700



FORUM®



VISALIS 500

ZEISS miLOOP



ZEISS ARTEVO 800 with CALLISTO eye®



VISTHESIA COMBIVISC®



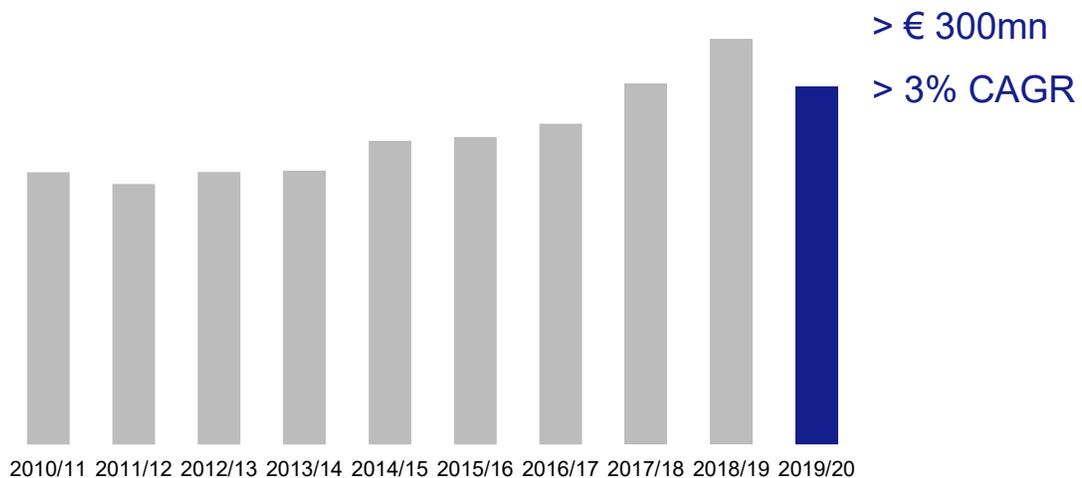
EDoF®, Trifocal®, Bifocal®, Toric®, BLUEMIXS injector®



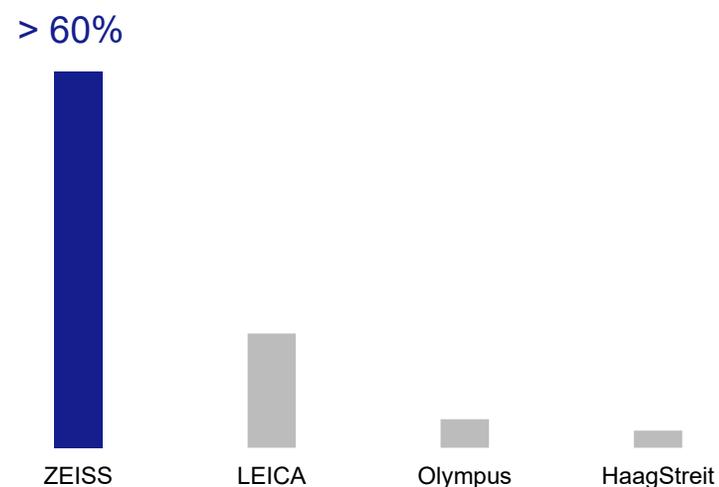
# Stable revenue growth in Microsurgery SBU



Stable revenue growth in MCS



Key players and estimated market share in MCS<sup>1</sup>



- U.S., Japan and China are the key markets for Microsurgery – together accounting for more than half of revenue
- Strong leading position in Neurosurgery
- Neurosurgery/ENT is more than half of the overall Microsurgery business and contributes the largest share of the earnings

<sup>1</sup> Market Scope®, CZM internal estimates

# We have been at the forefront of innovation for decades, applying our specialized know-how



- We have grown the market by replacing the installed base with next generation technology and driving system value (intraoperative diagnostics)
- Kinematics & Robotics – providing a maximum of flexibility, movement and ergonomics for the surgeon
- Intra-Operative Diagnostics – seeing beyond - additional diagnostic information live during surgery
- Digital Imaging – improving image quality in ocular and attached screens and facilitating video transmission on local and remote screens

# We have a strong position in Microsurgery with a durable competitive advantage



- Largest R&D team for surgical visualization
  - Leading in bringing robotic and modern video technology to microsurgery
  - Close collaboration with our customers
- Technology leadership
  - Strong brand
  - High customer loyalty
  - High market share
  - Long product lifecycles

# We continue to benefit from several growth drivers in Microsurgery



**+ Innovation** – We remain at the cutting edge – our products provide added clinical value and/or efficiency gains for our customers

**+ Shortening of Replacement Cycles** – Technological progress and new applications lead to shorter replacement cycles, driving unit growth

**+ Demand in RDE's** – Rapidly Developing Economies are becoming an ever more important source of our growth, already accounting for > 25% of revenue

**+ Pricing Power** – We have been able to slightly raise ASP's over time



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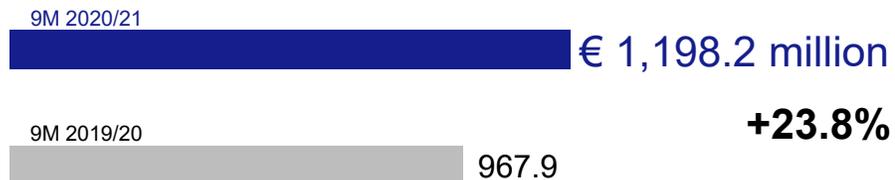
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# Strong revenue and profit growth at 9M 2020/21



## Revenue

- FX-adj. revenue growth of +27.6%
- In particular, OPT contributed to revenue growth – strong recurring revenue contribution
- MCS revenue back to growth against both 9M 2018/19 and FY 2019/20
- Share of APAC revenue at 48%



## EBIT

- EBIT margin at new high of 23.6% (prev. year 11.6%)
- Favorable product mix with high share of recurring revenue and low sales & marketing expenses due to virtual-only trade shows and comparably low advertising and travel activity
- Adj. EBIT margin amounted to 23.9% (prev. year 12.1%)



## EPS

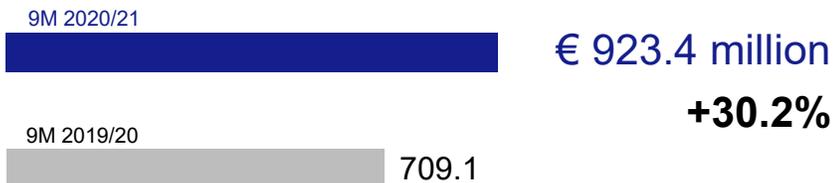
- Significant growth in line with EBIT trend vs past year

# Ophthalmic Devices

## Recurring revenue drives growth and profitability



### Revenue



- Fx-adj. revenue growth of +33.9%
- Significant contribution to growth and profitability from recurring revenues
- Equipment business continues its recovery, acceleration during third quarter

### EBIT margin



- Strong EBIT margin development supported by:
- Favorable product mix with high proportion of recurring revenue
- Significant savings in sales and marketing expenses due to virtual-only trade shows, low advertising and travel activity

### Revenue Split

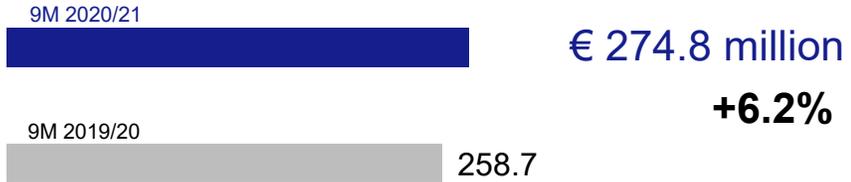


# Microsurgery

## Further acceleration in top line growth

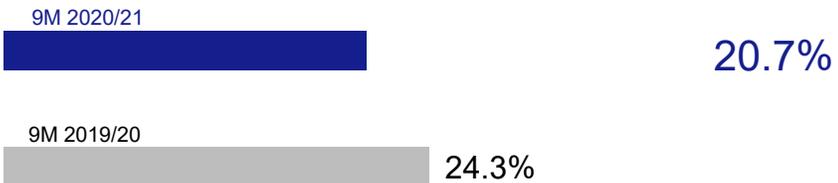


### Revenue



- Fx-adj. revenue increase of +10.4%
- Microsurgery returned to stronger growth in the third quarter: back to revenue growth against both 9M 2018/19 and 9M 2019/20

### EBIT margin



- EBIT margin down y-on-y due to FX headwind, increased R&D cost

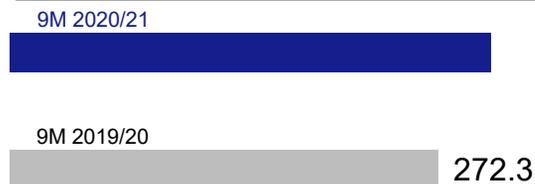
### Revenue Split



# All regions back to fx-adjusted growth



**25.5%**  
Americas



**€ 305.9 million**  
**+12.3%**

## Americas

- Fx-adj. growth of 21.0%, particularly from further acceleration of US business



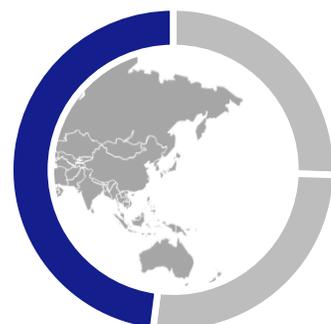
**26.5%**  
EMEA



**€ 317.3 million**  
**+18.0%**

## EMEA

- Stable fx-adj. revenue trend (+19.8%)
- Core markets Germany, France and countries of Southern Europe and UK with solid contributions



**48.0%**  
APAC



**€ 575.0 million**  
**+34.7%**

## APAC

- FX-adj. revenue growth of +36.7%
- Revenue trend mainly supported by China and South Korea. SEA also developed positively, Japan roughly flat y/y
- APAC increased its share of revenue to 48%

# P&L Analysis – EBIT growth supported by solid revenue development, product mix and lower sales & marketing cost



## Income Statement

		in € million	in % of sales
Gross profit		699.4	58.4
		535.4	55.3
Selling & marketing expenses		210.2	17.5
		222.4	23.0
General admin. expenses		42.3	3.5
		42.5	4.4
R&D expenses		166.5	13.9
		158.6	16.4
EBIT [adj.]		282.8	23.6
		[286.0]	[23.9]
		111.9	11.6
		[116.9]	[12.1]

■ 9M 2020/21    ■ 9M 2019/20

- Gross margin up y/y, supported by high share of recurring revenue in Ophthalmic Devices
- Significant opex reductions vs. previous quarters, mainly in sales & marketing
- Admin expenses stable y/y
- R&D ratio decreased to 13.9% (previous year: 16.4%) on modest cost increase, good operating leverage

# Adjusted EBIT margin nearly doubled from past year



## Adjusted EBIT margin

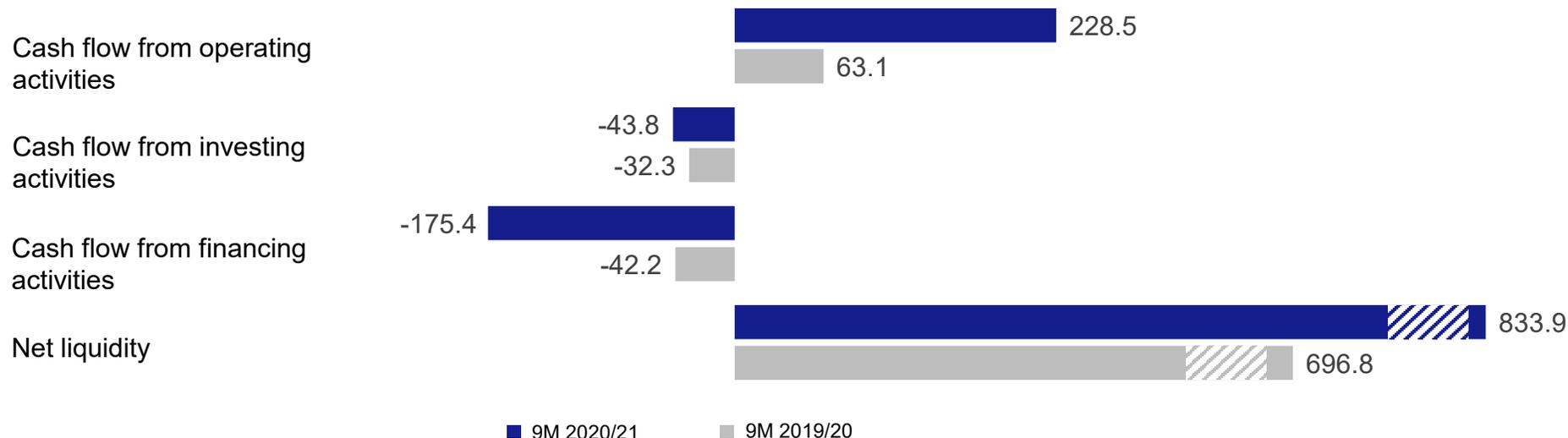
	9M 2020/21 € million	9M 2019/20 € million	Change to PY %
EBIT	282.8	111.9	+152.7
./ Acquisition-related special items	-5.6	-4.9	+14.8
./ Other special items	+2.4	-	-
Adjusted EBIT	286.0	116.9	+144.9
Adjusted EBIT in % of revenue	23.9%	12.1%	+11.8% pts.

- Non-cash charges related to the acquisitions of Aaren Scientific and IanTech
- One-time gain from the sale of a property in the amount of around € 2.4 million in the current period

# Further increase of operating cashflow and net liquidity



## Cash flow statement



- **Operating cash flow higher** compared to PY mainly due to strong increase in operating earnings
- **Cash flow from investing activities** includes higher capex from expansion of production capacities for intraocular lenses at new plant in Guangzhou, China
- **Cash flow from financing** includes large deposit to group cash-pool from high operating cash-flow and reflects earlier payment of dividend in 2021
- Net liquidity at new high of € 833.9 million

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# Outlook remains strong, targets raised for FY 2020/21



## Favourable Long-Term Trends

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Aging of the population and growing affluence

Rising access to health care in RDEs

Increasing information access and awareness

Growing patient load, growing patient expectations

## COVID-19 Impact

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Surgical procedures recovering fast following end of containment measures

Equipment business has mostly returned to growth against both 2020 and 2019

Rising relevance of digital, AI driven solutions for diagnostics and surgery. ZEISS Medical Ecosystem underscores the lead in digital customer solutions

Remaining uncertainties around COVID-19 pandemic, new variants and local containment measures will likely continue to influence investment decisions by our customers

## FY 2020/21 Outlook

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Revenue is now expected to exceed the previous forecast of approximately €1.6 billion (past year: €1,335.5 million).

EBIT margin for fiscal year 2020/21 is projected to significantly exceed the previous forecast of approximately 20% (past year: 13.3%), with strong support from lower than usual sales and marketing expenses in the current year

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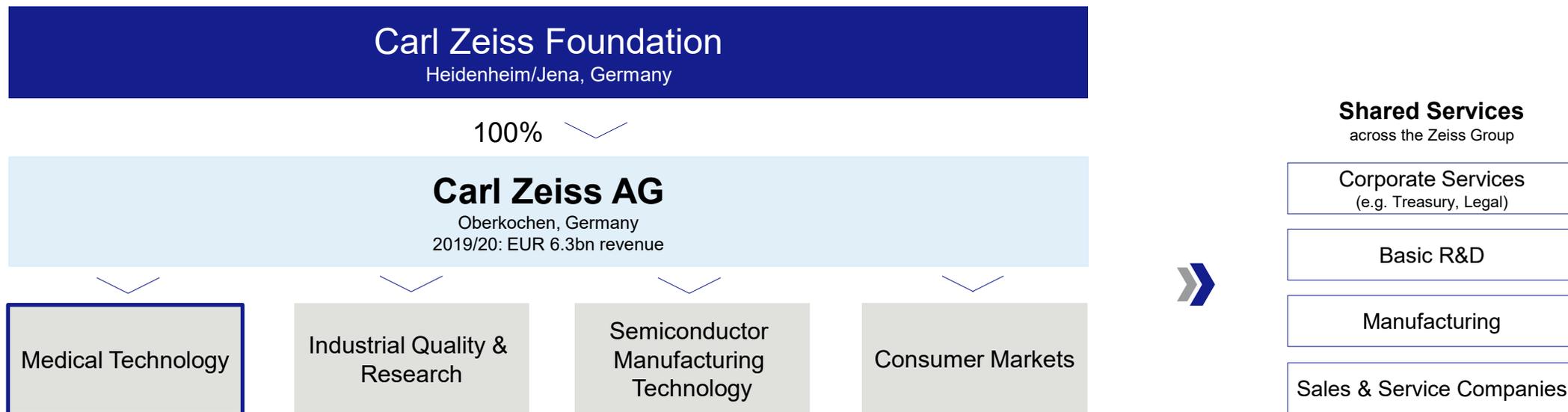
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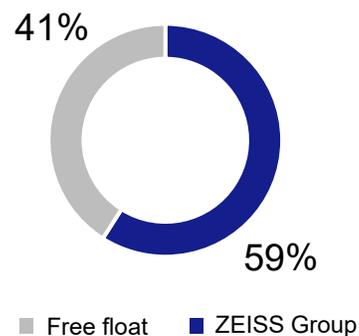
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# Medical Technology is a deeply integrated core business for the ZEISS Group



## Shareholder structure of Carl Zeiss Meditec AG



- Carl Zeiss Foundation created in 1889 as sole stakeholder of Carl Zeiss AG. Statutory goal to promote natural science, engineering. Envisioned close partnership of industry and science.
- Areas of business for foundation company Carl Zeiss AG defined as optics, fine mechanics and optoelectronics.
- Commitment to sustainability: safeguarding the future by responsible management, fulfilling special responsibility toward employees and society.
- Carl Zeiss Meditec AG formally created in 2002 through merger of ZEISS Ophthalmic business with listed laser technology maker Asclepion Meditec AG (AFX) and strengthened by acquisition of Carl Zeiss' Surgical business in 2006.

- 10 December 2021 Publication of **Annual Financial Statements** and Analyst Conference



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Seeing beyond