

**Dr. Ludwin Monz, President & CEO**

**Justus Felix Wehmer, CFO**

May 6, 2019

- 1 H1 2018/19 at a Glance
- 2 Financial Performance
- 3 Highlights
- 4 Outlook



**1** H1 2018/19 at a Glance

**2** Financial Performance

**3** Highlights

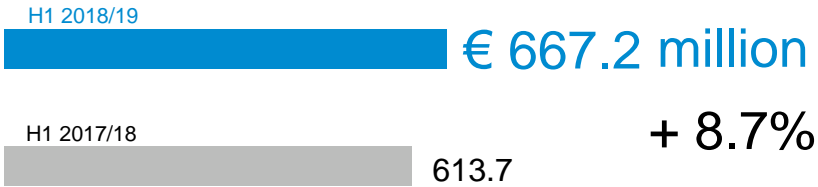
**4** Outlook



# Continued profitable growth in first six months of 2018/19

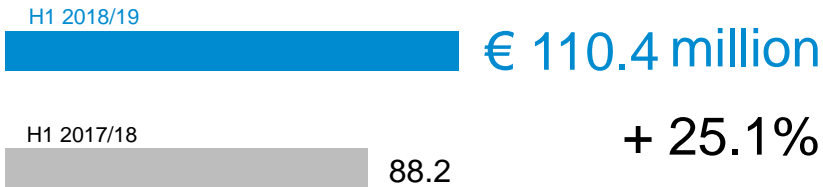


## Revenue



- Further profitable growth driven by both SBUs with significant contribution from EMEA
- Growth supported by a positive currency development (FX-adj. growth of 6.8%)

## EBIT



- EBIT margin increased significantly to 16.5% (prev. year 14.4%)
- Adj. EBIT margin expanded to 16.8% (prev. year 14.7%)
- Improved profitability due in particular to a favorable product mix with an increasing share of recurring revenues

## EPS



- EPS only slightly above previous year's level - impacted partly by negative hedging result

1 H1 2018/19 at a Glance

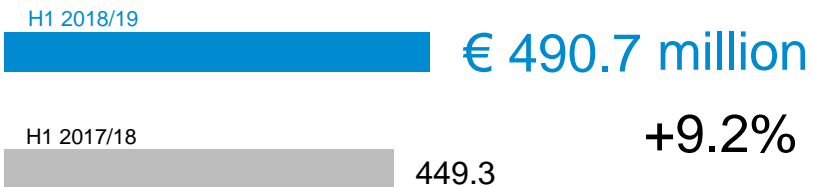
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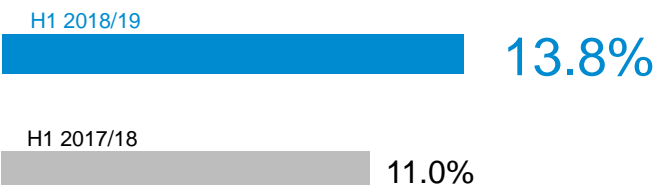


# Ophthalmic Devices Continues to Grow Ahead of Markets



## Revenue

- Growth was primarily driven by Refractive Lasers and Surgical Ophthalmology
- FX-adj. revenue growth of +7.4%



## EBIT margin

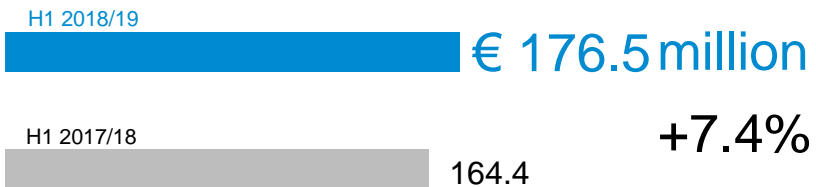
- Key driver for margin expansion was an improved product mix with a higher share of recurring revenue



## Revenue Split



# Strong Demand for New Products in Microsurgery



## Revenue

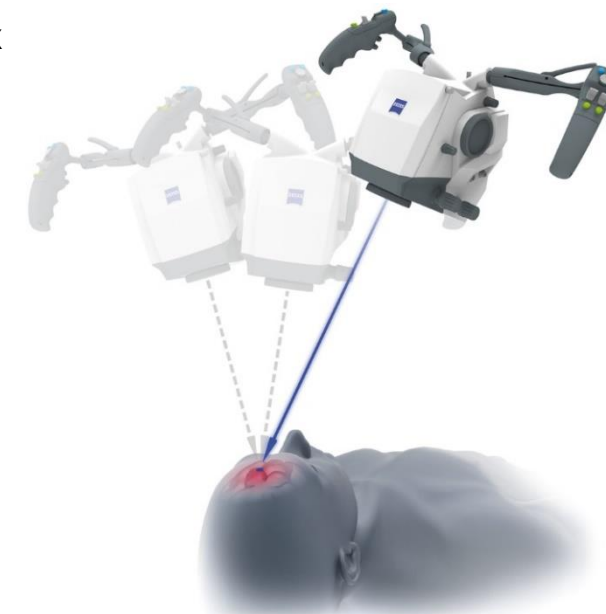
- Continued strong revenue development of Robotic Visualization System® – KINEVO® 900 from neurosurgery
- FX-adj. revenue growth of +5.2%

## EBIT

- Improved EBIT margin driven by product mix and positive currency development



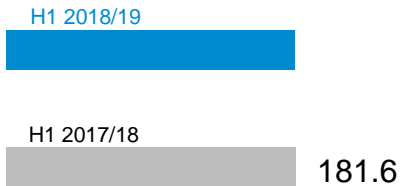
## Revenue Split



# Double-Digit Revenue Growth from EMEA and APAC



27.1%



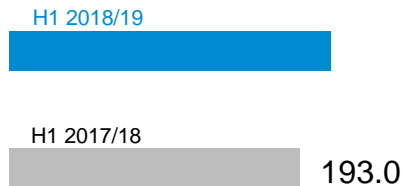
€ 180.9 million  
- 0.4%

## Americas

- Previous year's period strongly benefitted from new product launches in Ophthalmic Diagnostics and Microsurgery
- FX-adj. revenue growth of -5.0%



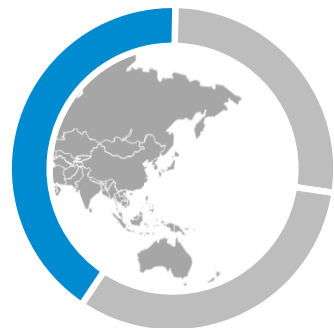
32.0%



€ 213.7 million  
+10.7%

## EMEA

- Core markets Germany, France and Southern Europe achieved strong growth rates
- FX-adj. revenue growth of +11.6%



40.9%



€ 272.6 million  
+14.0%

## APAC











- Highest growth rates from China and South Korea
- FX-adj. revenue growth of +12.3%



# EBIT Positively Impacted by a Positive Product Mix and an Effective cost management



## Income Statement

		in € million	in % of sales
Gross profit		373.0	55.9
		335.3	54.6
Selling & marketing expenses		156.1	23.4
		142.4	23.2
General admin. expenses		28.0	4.2
		24.6	4.0
R&D expenses		78.5	11.8
		80.0	13.0
EBIT [adj.]		110.4	16.5
		[112.1]	[16.8]
		88.2	14.4
		[90.0]	[14.7]

■ H1 2018/19    ■ H1 2017/18

- EBIT increase supported by positive development of gross margin due to high share of recurring revenue
- Level of opex roughly stable – decline in R&D ratio supported partially by discontinuation of strategic project in PY as reported in Q1 18/19

# Adjusted EBIT Margin Increased to 16.8%



## Adjusted EBIT margin

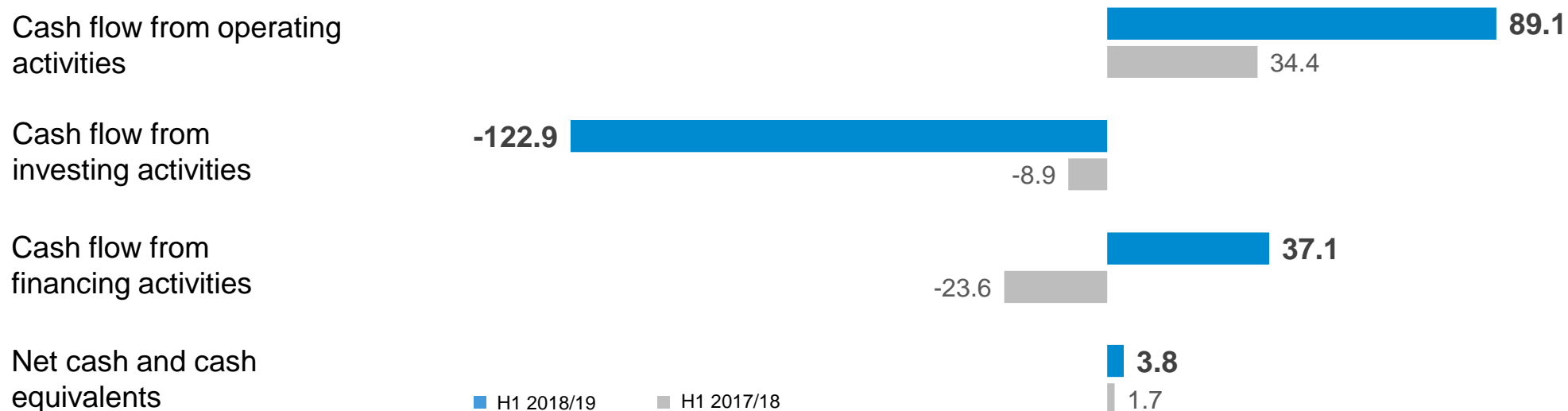
	6 Months 2018/19 € million	6 Months 2017/18 € million	Change to PY %
EBIT	110.4	88.2	+ 25.1
Acquisition-related special effects	1.7	1.8	-
Restructuring/reorganization	-	-	-
Adjusted EBIT	112.1	90.0	+ 24.6
Adjusted EBIT in % of revenue	16.8%	14.7%	+ 2.1%-pts.

Only modest level of adjustments from previous acquisitions - stable vs. PY

# Strong Operating Cash Flow



## Cash flow statement



- **Strong operating cash flow** attributable to a decrease in trade receivables and increase in trade payables compared to the prior year
- **Cash flow from investing activities** was € -122.9 million mainly due to the acquisition of IanTECH Inc.
- **Cash flow from financing activities** amounted to € 37.1 million largely due to the decrease in treasury receivables as a result of the acquisition of IanTECH Inc. Dividend payment to the shareholders of Carl Zeiss Meditec AG following the Annual General Meeting on March 19, 2019, led to a cash outflow.

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# ZEISS ARTEVO 800: First Digital Visualization Platform in Ophthalmic Surgery



Developed through an international **collaboration with > 250 surgeons**

→ **2,000 digital surgeries completed**

**DigitalOptics** provides increased certainty, best visualization in resolution, high depth of field (no re-focussing during the operation), reduced light intensity requirements, integrated OCT

**AdVisions** provides digital assistance and detailed information to surgical vision in real-time - **Cloud connectivity** to the ZEISS Cataract Suite, allowing surgeons to access patient data remotely

Enables a **faster turnaround** in the OR for higher patient throughput and **improved procedural efficiency**

Approved in key markets – commercial roll-out planned for Q4

“This might be **as revolutionary as when the Lumera was first introduced**. [...]

I want to work with this.”

*Dr. Hill (Mesa, AZ)*



“**System integration, resolution, latency, depth of field are amazing.**

Don't give me a prototype, you will not get it back.”

*Dr. Rizzo (Boston, MA)*



## Comprehensive in every way to maximize workflow efficiency and use as standard assessment tool

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Ultra-widefield (UWF) fundus imaging system to conduct comprehensive fundus examinations in **high resolution** and **true colours** across the entire Retina

Launch of ZEISS CLARUS 500 in year end 2017 – mid double digit revenue in 2017/18

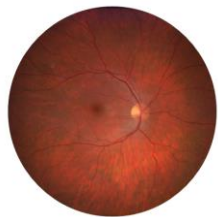
**ZEISS CLARUS 700 expands the reach of our fundus imaging portfolio by providing integrated Fluorescein Angiography**

Ultra-widefield is the fastest developing segment in fundus imaging with a limited number of competitors and significant further growth potential in the ophthalmologist and optometrist markets

**Commercial roll out in key markets expected in Q4 2018/19**



CLARUS – 200°



CLARUS – 133°



VISUCAM – 45°

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## 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 expectations

## Our Strategic Priorities

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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 2018/19 goals

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### **FY 2018/19**

Consolidated revenue within a range of € 1,350 million to € 1,420 million for fiscal year 2018/19

Expected EBIT margin of 15% to 17.5%

### **Mid-term**

Forecast for mid-term development of the EBIT margin will be reviewed as part of the publication of the financial results for 2018/19, considering the planned strategic investments in research and development.



