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February 8, 2021

## 3M 2020/21 at a Glance

Financial Performance

Focus Topics

Outlook

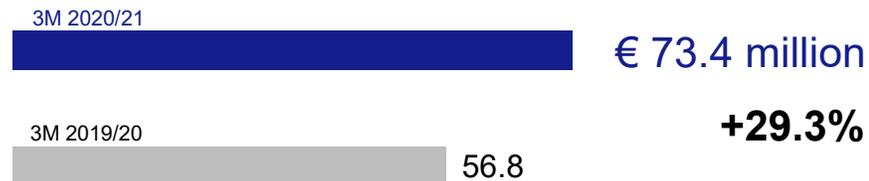


# Carl Zeiss Meditec Q1 2020/21 revenue back on prior year level - Profitability improved



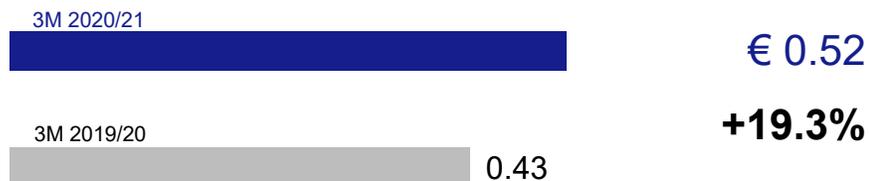
## Revenue

- FX-adj. revenue growth of +2.6%
- 3M revenue trend on prior year level despite ongoing restrictions caused by COVID-19 pandemic
- Recovery in many countries continuing, particularly in APAC region
- EMEA and Americas regions with positive revenue trend y/y



## EBIT

- EBIT margin reached 19.9% (prev. year 15.4%)
- Slight improvement in gross profit from favorable product mix trend with high recurring revenue
- Low sales & marketing expenses due to virtual-only fall trade shows and low travel activity
- One-off gain from sale of a property of ~€2.4million
- Adj. EBIT margin amounted to 19.8% (prev. year 15.8%)



## EPS

- Earnings per share higher driven by stronger operating profit with slightly weaker financial result compared to PY

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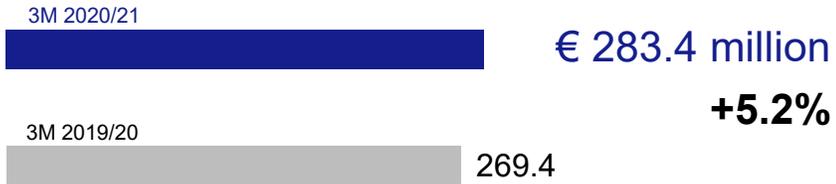


# Ophthalmic Devices

Return to revenue growth due to high portion of recurring business

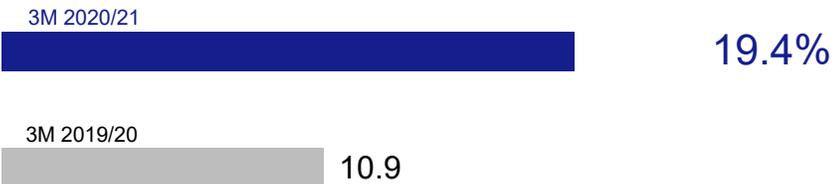


## Revenue



- FX-adj. revenue growth of +8.2%
- Main growth contribution from recurring revenues

## EBIT margin



- Strong EBIT margin expansion supported by:
  - Positive profit mix with high share of recurring revenue
  - Significant savings in sales and marketing expenses due to virtual-only fall trade shows, low travel activity

## Revenue Split

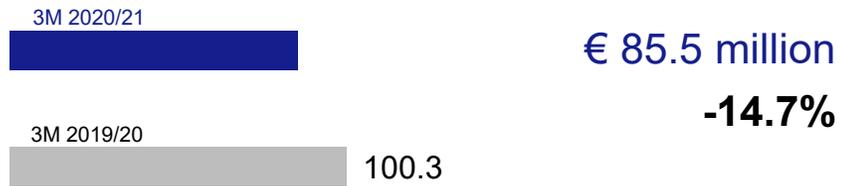


# Microsurgery

## Revenue still short of strong PY quarter, order intake improves

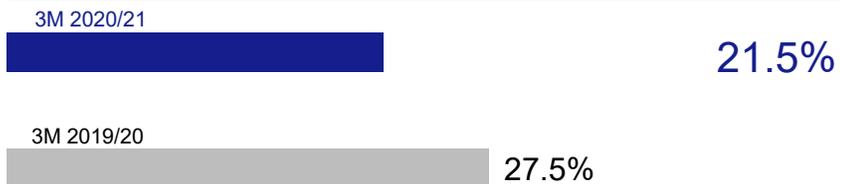


### Revenue



- fx-adj. revenue decline of -12.3%
- Recovery in order intake close to previous year's level towards end of quarter

### EBIT margin

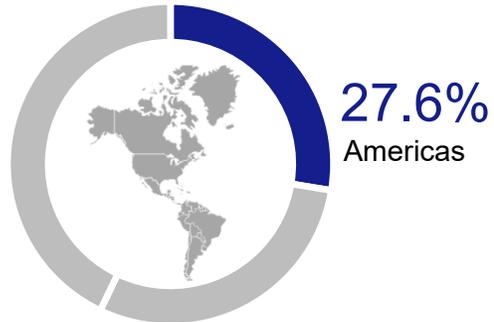


- EBIT margin remains at strong level supported by disciplined cost management in manufacturing and sales & marketing

### Revenue Split



# APAC region has returned to growth in Q1 2020/21



€ 102.0 million  
-6.4%

## Americas

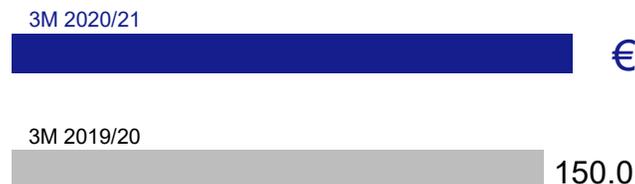
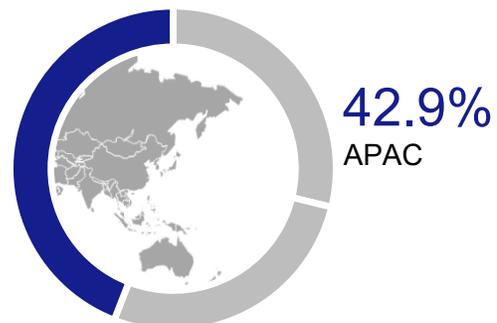
- FX-adj. revenue decline of -0.2%
- US revenue approaching previous year's level



€ 108.7 million  
-1.8%

## EMEA

- Stable fx-adj. revenue trend (+0.1%)
- Solid development in Germany, France and Southern Europe



€ 158.2 million  
+5.5%

## APAC

- FX-adj. revenue growth of +6.6%
- Revenue mainly supported by China and South Korea
- Japan still slightly below PY; India and SEA still clearly below PY

# P&L Analysis – EBIT growth mainly supported by lower sales & marketing cost



## Income Statement

		in € million	in % of sales	
Gross profit		207.3	56.2	<ul style="list-style-type: none"> <li>Gross margin slightly up y/y, supported by high share of recurring revenue in Ophthalmic Devices, partly offset by weaker trend in Microsurgery SBU</li> </ul>
		206.3	55.8	
Selling & marketing expenses		68.2	18.5	<ul style="list-style-type: none"> <li>Significant opex reductions vs previous quarters, mainly in sales &amp; marketing</li> </ul>
		82.9	22.4	
General admin. expenses		13.9	3.8	<ul style="list-style-type: none"> <li>R&amp;D expenses up y/y, but absolute level slightly reduced from previous quarter</li> </ul>
		14.7	4.0	
R&D expenses		54.2	14.7	<ul style="list-style-type: none"> <li>EBIT includes one-off gain from sale of a property of ~€2.4 million</li> </ul>
		51.9	14.0	
EBIT [adj.]		73.4	19.9	
		[72.9]	[19.8]	
		56.8	15.4	
		[58.3]	[15.8]	

■ 3M 2020/21    ■ 3M 2019/20

# Adjusted EBIT margin amounted to 19.8%



## Adjusted EBIT margin

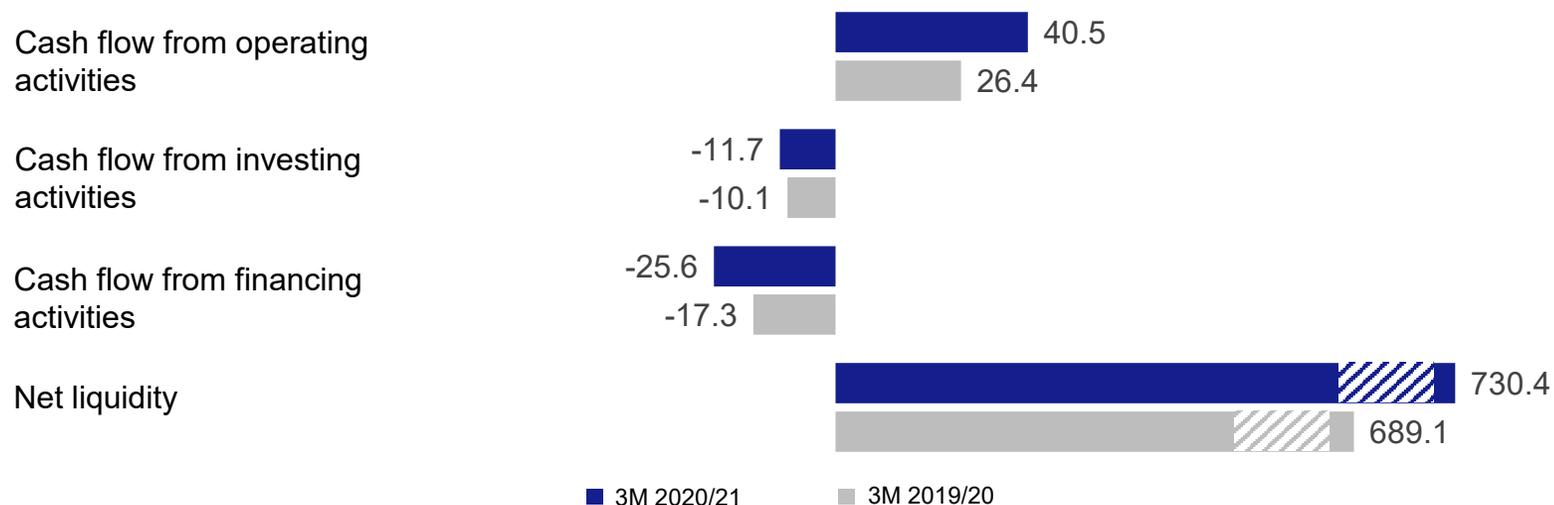
	3M 2020/21 € million	3M 2019/20 € million	Change to PY %
EBIT	73.4	56.8	+29.3
./ Acquisition-related special items	-1.9	-1.4	-
./ Other special items	+2.4	-	-
Adjusted EBIT	72.9	58.3	+25.0
Adjusted EBIT in % of revenue	19.8%	15.8%	+4.0% pts.

- 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

# Operating cashflow, net liquidity increase



## Cash flow statement



- **Operating cash flow higher** compared to PY mainly due to strong increase in operating earnings as well as a decrease in stocks as well as an increase in trade payables.
- **Cash flow from investing activities** includes € 8.5 million milestone payment related to IanTech acquisition, offset by proceeds from the sale of a property of € 8.4 million
- Net liquidity at new high of € 730.4 million

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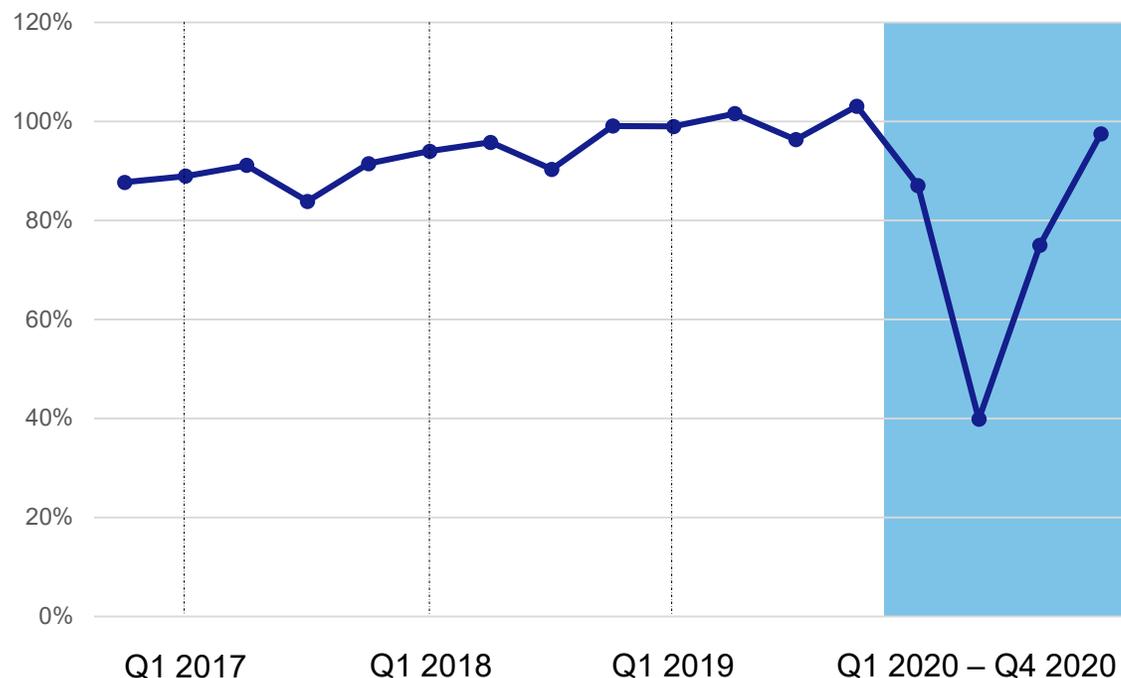


# Global cataract surgeries dropped significantly in 2020 and have mostly recovered



Global IOL<sup>1)</sup> volumes vs. 2019 avg. baseline

(Calendar quarters)



## Recovery in IOL procedures to 2019 levels mostly completed

- Postponement of elective surgeries across all regions in spring of 2020 led to the most severe decline in cataract procedures on record
- Second COVID-19 wave in Europe with some impact on procedures in very hard-hit countries, but to lesser extent than spring lockdowns
- Volumes in calendar Q4 2020 have recovered approximately to the 2019 avg. level (still down 5% y/y vs. Q4 2019) with APAC region already in renewed growth phase

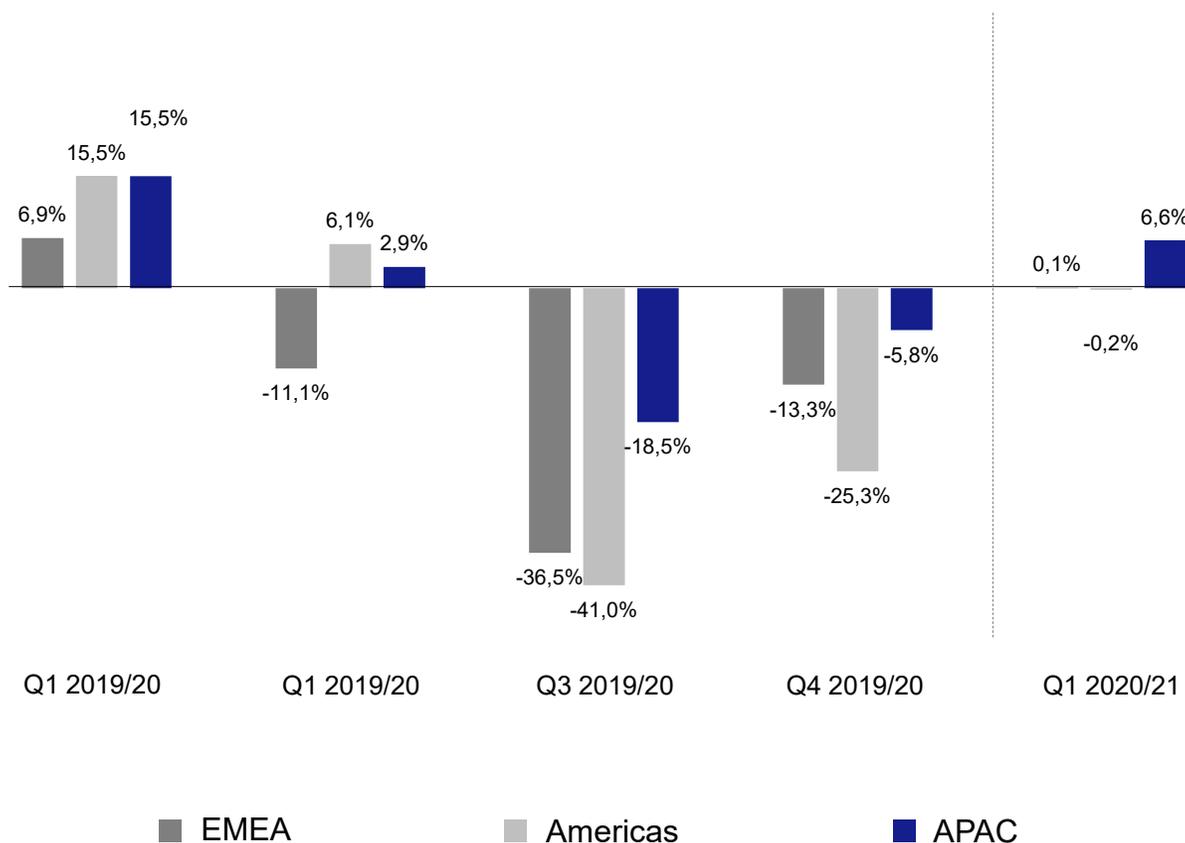
<sup>1)</sup> Intraocular lenses

Source: MarketScope, Company's own estimates; 100% = 2019 avg. quarterly volume of EUR 6.8m units

# Strong outperformance of APAC region continuing in Q1 2020/21



Quarterly regional y/y growth rates throughout FY 2019/20



## APAC region with consistent strong performance throughout FY 2019/20 and continuing in Q1 2020/21

- Despite early pandemic impact on China and South Korea, APAC region remained strong throughout the year
- Early recovery in China helped to limit the decline of APAC in Q3 vs. EMEA, Americas
- In Q4 2019/20, all regions were able to narrow the quarterly rate of revenue decline sequentially from Q3
- In Q1 2020/21, APAC region is first to return to y/y growth

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# Recovery in revenue and EBIT expected to continue



## 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 needs more time to recover to pre-crisis levels, but should generally follow direction of procedures with a time lag

Rising relevance of tele-medicine and digital, AI driven solutions for diagnostics and surgery will re-shape ophthalmology, ZEISS needs to continue to invest in digitalization in order to stay on top

## FY 2020/21 Outlook

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During the further course of fiscal year 2020/21, the company expects the recovery in sales and EBIT to continue compared to the previous year, which had seen a marked impact from the COVID-19 pandemic

Mid-term return to pre-crisis revenue and profitability (sustainably above 18% EBIT margin) envisaged

Exact speed and duration of recovery remain uncertain



Seeing beyond