Carl Zeiss Meditec Group

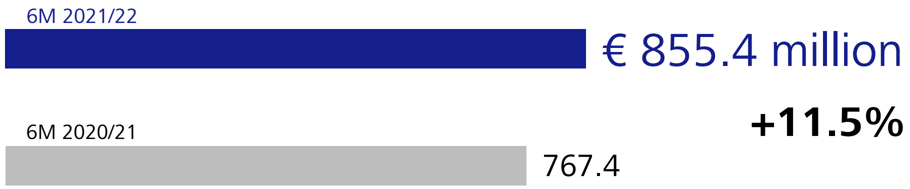
Dr. Markus Weber, President and CEO
Justus Felix Wehmer, CFO

May 13, 2022

Agenda

Solid revenue growth and very strong order intake in 6M 2021/22

Revenue



- FX-adj. revenue growth of +10.7%
- Positive 6M revenue trend despite continuing supply chain constraints
- Very strong order intake at € 1,062.3 m, +30.7% YoY
- Growth in all regions, particularly in APAC

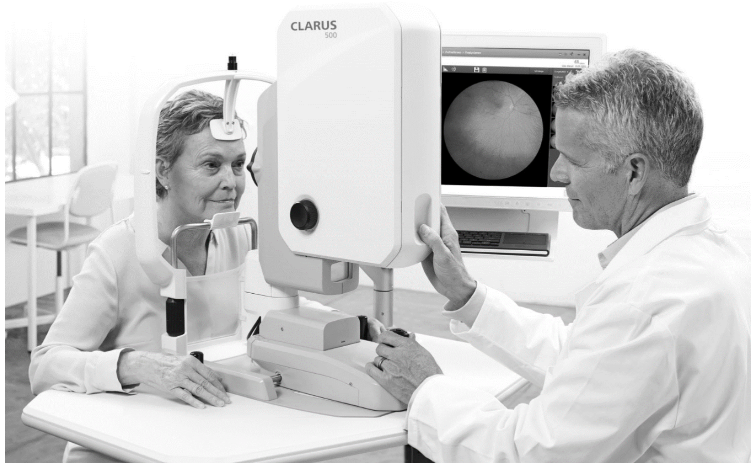
EBIT

- EBIT margin at 20.7% (PY 21.2%)
- Adj. EBIT margin at 21.2% (PY 21.4%) – close to PY's level in spite of higher research & development expenses as well as sales & marketing expenses amid product launches and return to tradeshows
- Improvement in gross profit, as favourable product mix with high recurring revenue and positive FX environment offset higher procurement cost

EPS

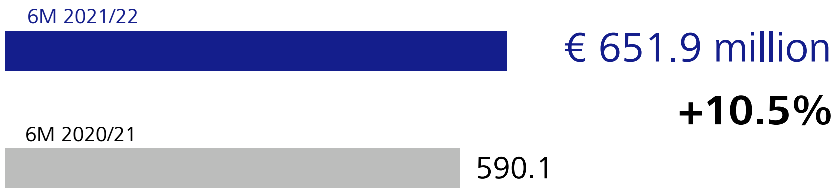
- Earnings per share higher on improved EBIT and financial result, lower tax rate

Agenda



Ophthalmic Devices
Strong revenue trend with high share of recurring business

Revenue

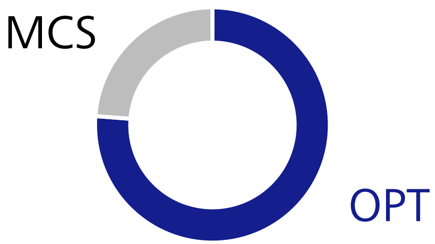


- FX-adj. revenue growth of +9.7%
- Main growth contribution from recurring revenues, strong equipment order intake
- QUATERA 700 FDA clearance obtained in April 2022

EBIT margin

- EBIT margin decline of -1.7 pps affected by:
  - Higher sales & marketing expenses due partly to new product launches, return to trade shows as planned
  - Continued high level of investment in R&D

Revenue Split



76.2%
of total revenue

Microsurgery
Robust revenue growth with high backlog

Revenue

€ 203.5 million

+14.8%

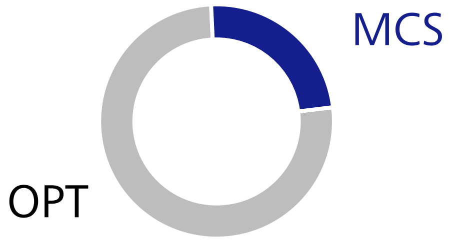
- FX-adj. revenue growth of +13.8%
- Large order backlog amid good demand, supply chain headwinds

EBIT margin

24.9%

- EBIT margin at a strong level, supported by revenue growth and positive FX environment offsetting higher procurement cost

Revenue Split

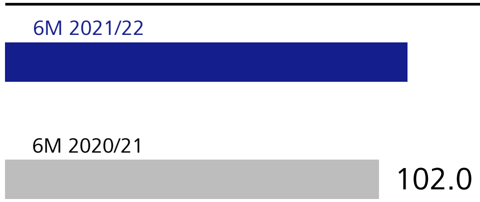


23.8%

of total revenue

Revenue growth across all regions
Strong momentum in APAC continues

24.8%
Americas

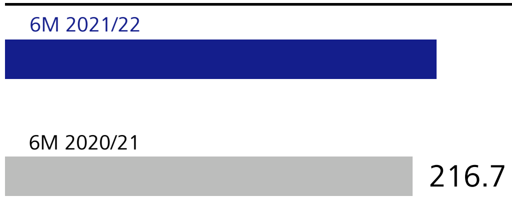


€ 212.2 million
+7.6%

Americas

- FX-adj. revenue increase of +2.6%
- Stable growth in the US, further recovery in south America

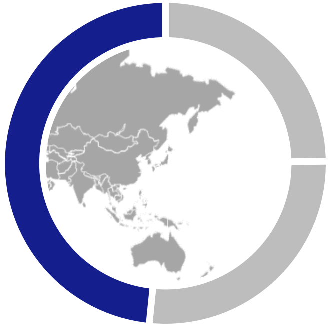
26.8%
EMEA



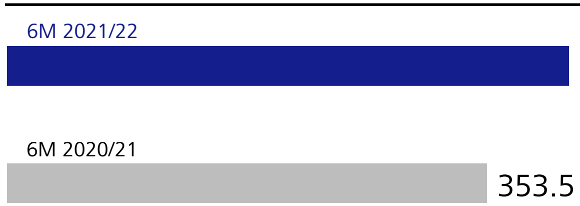
€ 229.2 million
+5.8%

EMEA

- FX-adj. revenue trend of +7.1%
- Nordics and Southern European countries with highest growth rates



48.4%
APAC



€ 414.1 million
+17.1%

APAC

- FX-adj. revenue growth of +17.3%
- Revenue growth mainly driven by China and India
- Solid development in Japan and South Korea

P&L analysis – improved gross profit, adjusted EBIT margin close to PY

Income Statement

	in € million	in % of sales
Gross profit	501.4	58.6
	438.0	57.1
Selling & marketing expenses	160.6	18.8
	137.3	17.9
General admin. expenses	33.1	3.9
	28.9	3.8
R&D expenses	130.2	15.2
	111.6	14.5
EBIT [adj.]	177.3 [181.3]	20.7 [21.2]
	162.7 [164.1]	21.2 [21.4]

- Gross margin improved y/y supported by high share of recurring revenue in Ophthalmic Devices and positive FX
- Notable rise in sales & marketing expenses as expected amid new product launches and return to physical trade shows
- R&D expenses continued on a high level, G&A expenses in line with revenue growth

Adjusted EBIT margin amounted to 21.2%, close to PY level

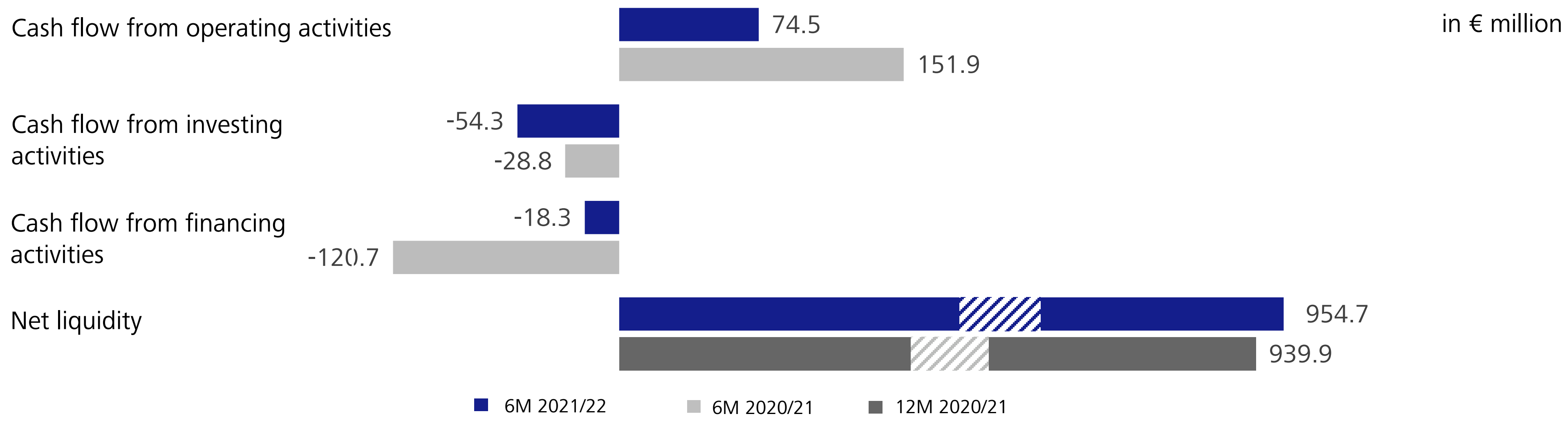
Adjusted EBIT margin

	6M 2021/22 € million	6M 2020/21 € million	Change to PY %
EBIT	**177.3**	162.7	+9.0
./. Acquisition-related special items	**-4.0**	-3.8	+5.6
./. Other special items	**-**	+2.4	-
Adjusted EBIT	**181.3**	164.1	+10.5
Adjusted EBIT in % of revenue	**21.2%**	21.4%	-0.2 pps

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

Inventory ramp-up weighs on operating cashflow amid tense supply chains

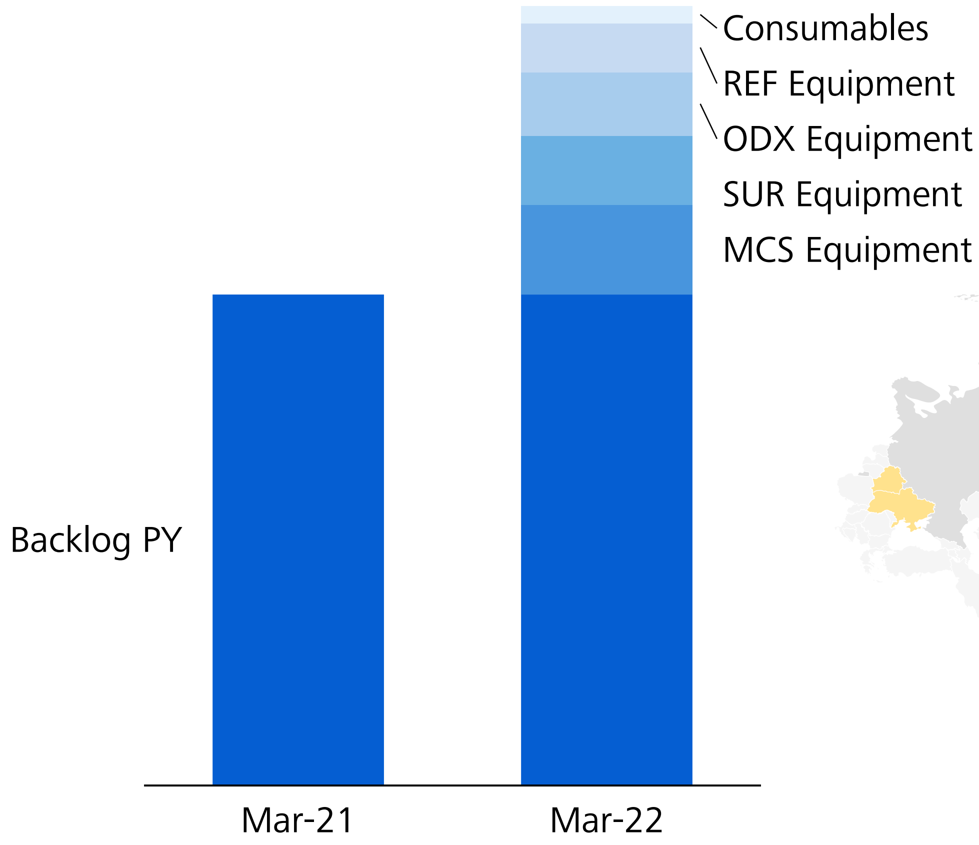
Cash flow statement



- **Operating cash flow lower** compared to PY mainly due to ramp-up in inventories amid tense supply chains
- **Net liquidity** on a high level of € 954.7 million

Continued supply chain pressures mainly impact equipment business

Contributors to growth in order backlog by category
as of 31.03.2022



- Continued supply chain pressures from political and macro-economic factors
- Order backlog growth over € 200m y/y
- Growth in backlog mainly from equipment categories, largest contribution from Microsurgery (Kinevo, Tivato)
- Only modest rise in backlog from consumables (IOLs, Refractive Treatment Packs)
- Significant investment in Safety Stocks to ensure supply of key products
- Regional COVID-19 lockdowns in China have caused a low double digit million revenue shortfall in March/April
- Sharp decline in business in Russia as expected, first profit donation has been made

Agenda

Acquisition of Katalyst Surgical and Kogent Surgical in the US
Broadening surgical solution offering

- Acquisition of two manufacturers of ophthalmic (**Katalyst Surgical**) and neurosurgical (**Kogent Surgical**) surgical instruments
- Twin companies located in Chesterfield, Missouri, founded by entrepreneur Gregg Scheller
- Expanding our solution offering in surgical instruments

- **Katalyst:** ophthalmology focus
- Complementary portfolio to the retina and vitrectomy business of FCI (France Chirurgie Instrumentation S.A.S.)

- **Kogent:** neurosurgery focus
- Innovative and growing electrosurgical portfolio, strong development pipeline
- SBU Microsurgery expanding into a new market segment with recurring revenue generation

Agenda

Long-term demand drivers for our business remain in place

Favorable Long-Term Trends

- Aging population and growing affluence
- Rising access to health care in RDEs
- Increasing information access and awareness
- Growing patient load, growing patient expectations
- 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 2021/22 Outlook

- Expecting further sales growth, at least in line with market growth
- Global supply chain situation remains tense – Increasing bottleneck and disruption in sight in 2H
- EBIT margin expected to be between 19% and 21% in FY 2021/22 assuming no further material revenue losses from supply chain disruptions and normalization of COVID-19 environment in China
- Targeting mid-term EBIT margin sustainably above 20%. Long-term upside due to recurring revenue while OpEx investments expected to remain high

Seeing beyond