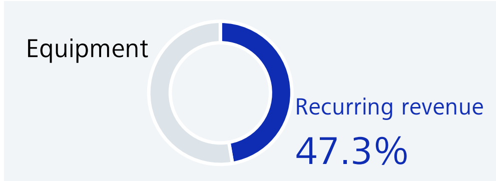
Carl Zeiss Meditec Group
3M 2024/25 Results

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

Agenda

Slight reported revenue growth and improvement in order entry

Lower EBITA margin mainly due to product mix



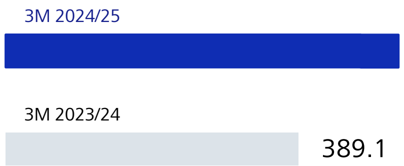
Revenue

€ 490.5m

+3.2%

- FX-adj. revenue +3.3%
- FX- & acquisition-adj. revenue declined by -7.3%
- Recurring revenue at 47%
- Weak organic trend due to high comps for surgical microscopes and femtosecond laser systems (product cycle transitions) & weak investment climate ahead of potential stimulus in China and price decline for IOLs induced by volume-based procurement

Order entry

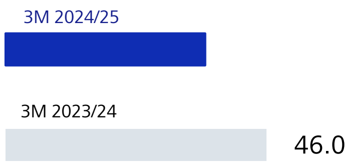


€ 522.1m

+34.2%

- FX-adj. order entry +34.4%
- FX- & acquisition adj. orders grew by +21.4%, positive order trend across all regions
- Solid increase in order backlog at €382.2m (12M 23/24 at €282.9m)

EBITA[1]



€ 35.2m

-23.5%

- EBITA margin at 7.2% (PY 9.7%)
- Significant decline in EBITA due to unfavorable product mix (lower share of neurosurgical microscopes, price decline for IOLs in China)
- OpEx excl. DORC slightly lower y/y due to cost control

1. Earnings before interest, taxes and amortization on intangible assets from purchase price allocation

Agenda

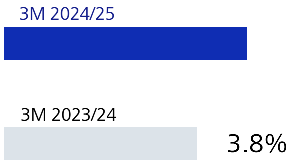
Ophthalmology
EBITA margin stabilized through DORC contribution and good cost control

Revenue

€ 376.2m
+7.1%

- FX-adj. revenue growth of +7.2%
- FX- & acquisition-adj. revenue declined by -7.1%
- Weaker underlying revenue mainly caused by product-cycle-effects in refractive equipment and price declines in IOLs in China from volume-based procurement

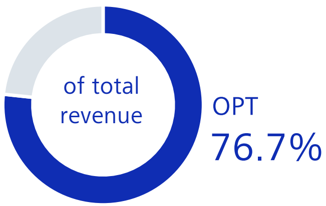
EBITA margin

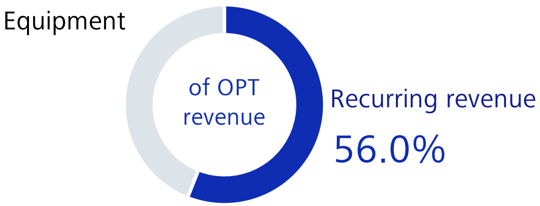


4.8%
+0.9 pp

- EBITA margin slightly improved despite negative mix effects:
    - Positive contribution from DORC consolidation
    - Reduction in underlying OpEx through cost control measures, mainly lower R&D

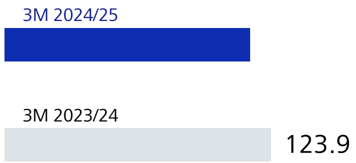
Revenue Split





Microsurgery
Temporary margin contraction due to weak top line and product mix

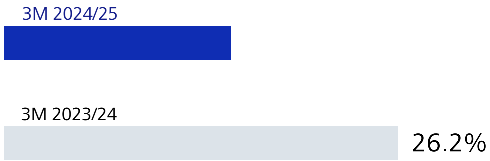
Revenue



€ 114.3
-7.8%

- FX-adj. revenue decline of -7.8%
- Weak neurosurgery business due to product cycle transition to new KINEVO® 900 S
- Lower sales to China amid expectation of potential stimulus measures

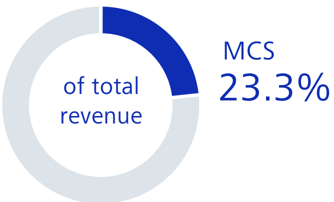
EBITA margin

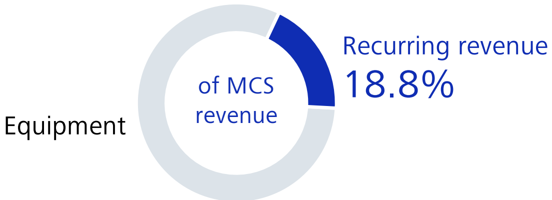


15.1%
-11.1 pp

- Lower top line and significantly weaker mix ahead of first KINEVO® 900 S deliveries lead to temporary sharp contraction in gross margin and EBITA margin

Revenue Split





Regional development

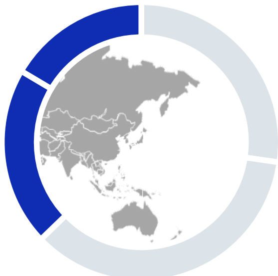
Stabilization in Americas and EMEA – APAC sales under pressure due to China

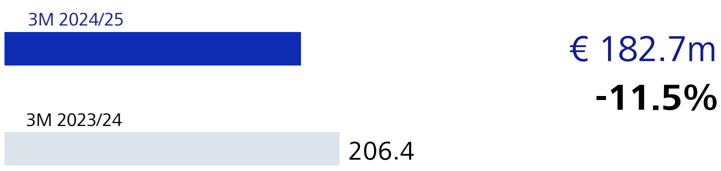
Americas

- FX-adj. revenue decrease of +18.6%
- Growth mainly driven by consolidation of DORC, slight growth without DORC contribution
- Recovery in US revenue contribution and stronger order entry

EMEA

- FX-adj. revenue growth of +11.8%
- Slight decline without DORC contribution
- Solid underlying growth in core markets such as GER, UK and Nordics





APAC

- FX-adj. revenue decline of -11.4%
- Weaker sales in China caused by product cycle in refractive equipment, tough price comps in IOLs and restrictive investment in equipment, slow start in Japan and Korea
- Positive trend in India, Southeast Asia

P&L – Favorable underlying OpEx trend in 3M 2024/25

Overall weaker margins due to product mix change

Income Statement

	Period	in €m	in % of sales
Gross profit	3M 2024/25	252.1	51.4
	3M 2023/24	252.5	53.2
Rep. OpEx	3M 2024/25	226.2	46.1
OpEx ex. DORC OpEx	3M 2024/25	198.8	45.2
	3M 2023/24	209.0	44.0
S&M expenses	3M 2024/25	120.5	24.6
	3M 2023/24	101.2	21.3
G&A expenses	3M 2024/25	28.2	5.7
	3M 2023/24	20.0	4.2
R&D expenses	3M 2024/25	77.5	15.8
	3M 2023/24	87.8	18.5
EBIT	3M 2024/25	28.0	5.7
	3M 2023/24	43.5	9.2
EBITA	3M 2024/25	35.2	7.2
	3M 2023/24	46.0	9.7
Adj. EBITA	3M 2024/25	33.1	6.7
	3M 2023/24	46.0	9.7
EPS (€)	3M 2024/25	0.18	
	3M 2023/24	0.42	
Adj. EPS (€)	3M 2024/25	0.36	
	3M 2023/24	0.47	

- Gross margin decline due to unfavorable shift in product mix, VBP-related price decline in China
- Excluding DORC consolidation, underlying OpEx lower y/y (reduction in R&D expenses) as a consequence of strict cost control. Sales & marketing and admin expenses higher due to DORC consolidation and integration expenses, PPA amortization and higher IT expenses
- EPS down -57.1% due to decline in EBIT, negative FX hedging result and higher interest expenses
- Adj. EPS down -22.3%, based on logic of adj. EBITA, excluding non-cash valuation effects on contingent purchase price liabilities in financial result, FX/hedging result not adjusted

Significant increase in PPA amortization due to DORC acquisition

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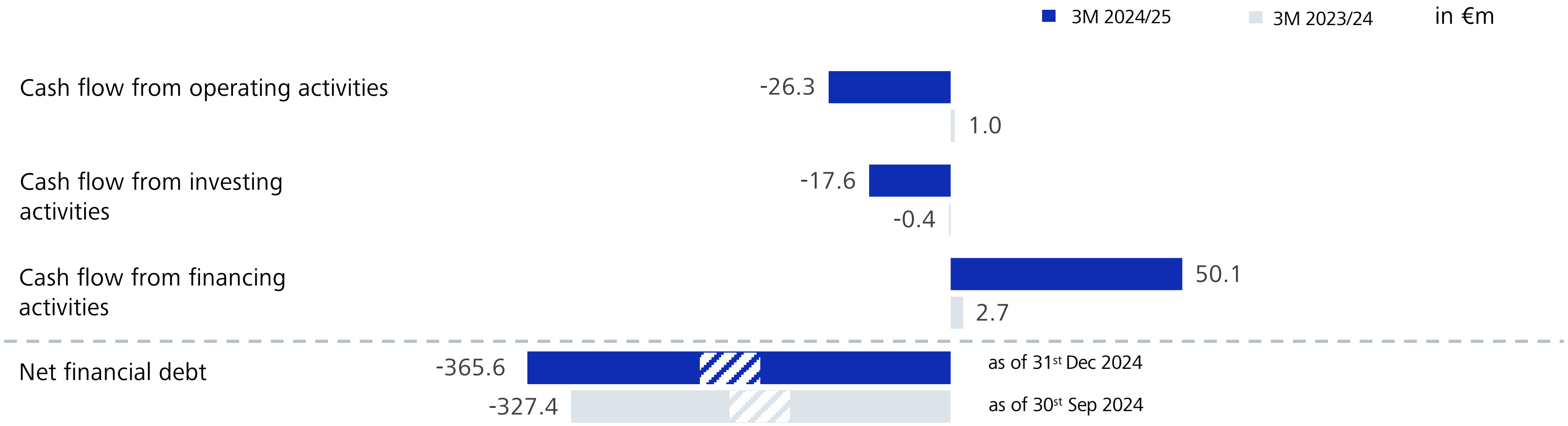
EBITA

	3M 2024/25 €m	3M 2023/24 €m	yoy %
EBIT	**28.0**	43.5	-35.7
./. Amortization of PPA*	**-7.2**	-2.5	+188 pp
EBITA	**35.2**	46.0	-23.5
EBITA margin	**7.2%**	9.7%	-2.5 pp
./. Other special items**	**+2.1**	0	-
Adjusted EBITA	**33.1**	46.0	-28.0
Adjusted EBITA margin	**6.7%**	9.7%	-2.9 pp

- * Regular amortizations on purchase price allocations (PPA) of DORC (€6.5m) and former acquisitions (€0.7m)
- ** Public grants received in China

Operating cash-flow slightly weaker at start of the year

Cash flow statement



- Lower **operating cash flow** due to weaker operating result and a slight increase in account receivables
- **Investing cash flow** decreased – driven by lower investment in CapEx (tangible & intangible CapEx at 4.3% of revenue) and decline in treasury receivables
- Higher **Financing cash flow** from increase in treasury payables
- **Net financial debt** at -€365.6m refinanced through shareholder loan from Carl Zeiss AG

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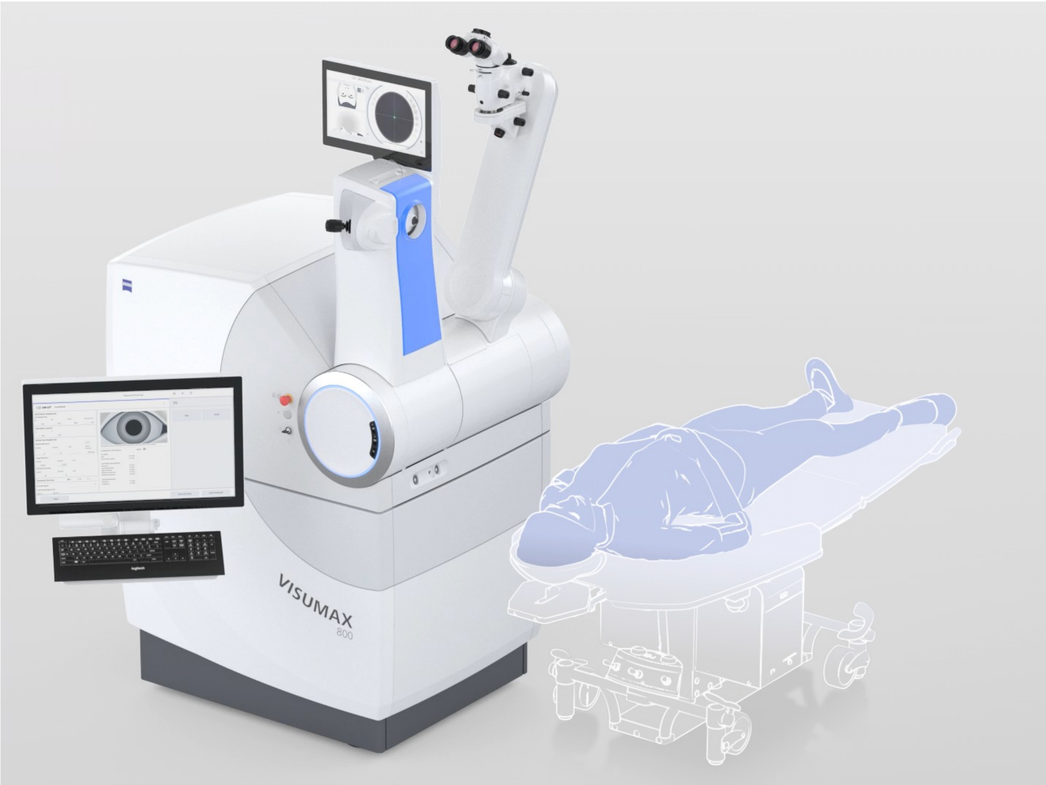
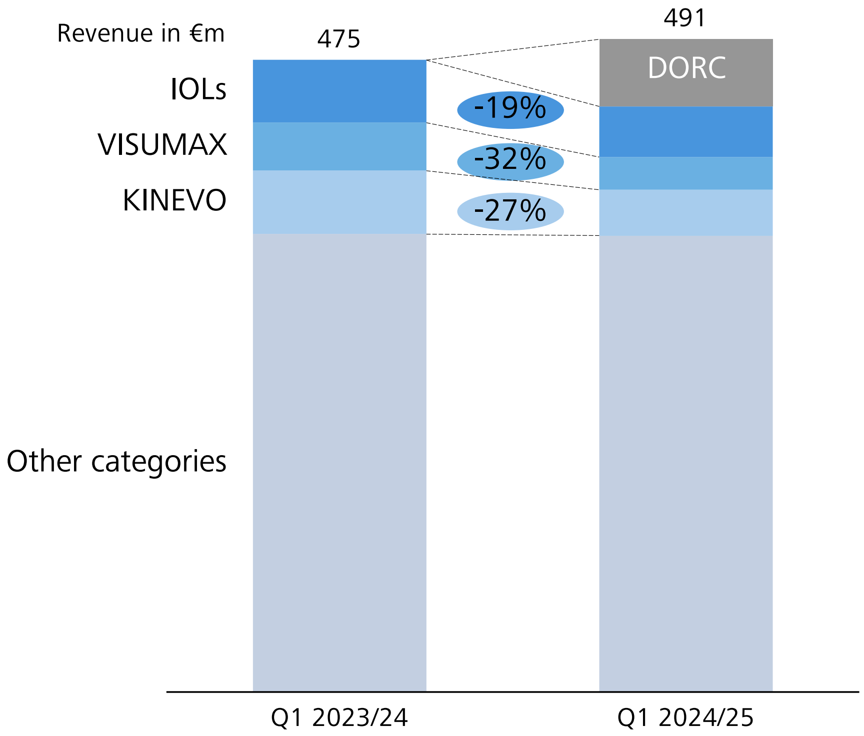
VISUMAX® 800 brings SMILE® pro surgery to Mainland China



- **Faster performance** - Increased laser frequency for faster cut speeds; easy cyclotorsion alignment; little effort during centration
- **Comfortable surgical experience** for surgeons and patients
- **Digitally connected workflow** -Take advantage of streamlined data management
- VISUMAX® 800 recently approved in China, including lenticule extraction and flap cutting
- VISUMAX® 800 + MEL® 90 now available enabling SMILE® pro, Lasik and PRESBYOND®
- Expecting positive influence on ASP in devices and treatment packs over time

Robust Core business - organic sales decline can be entirely attributed to product cycle transitions (VISUMAX/China, KINEVO) & IOL VBP



- Significant decline of VISUMAX® and KINEVO® deliveries in Q1 due to product cycle, trend expected to improve in coming quarters as new products ramp up
- Lower IOL sales reflecting VBP price decline
- Significant increase in order backlog, including strong orders for KINEVO® 900 S in Q1
- Robust trend in all other categories - market share outlook for both OPT and MCS remains strong for FY 2024/25 based on improving order entry

Agenda

Outlook for FY 2024/25 unchanged

- For 2024/25, we continue to anticipate a challenging global macroeconomic environment and do not expect a quick recovery in the investment climate for equipment, along with sustained pressure on consumer spending for elective procedures.
- Revenue is expected to return to moderate growth, supported by the recent stabilization in order intake and the full-year consolidation of DORC.
- EBITA and EBITA margin are expected stable to slightly higher in FY 2024/25.
- Cost containment measures will remain in effect to keep cost development roughly stable before the full-year consolidation of DORC.
- New product launches (such as KINEVO® 900 S and further VISUMAX® 800 approvals) provide additional upside potential throughout the year depending on timing of approvals & speed of ramp-up. Public stimulus measures for the consumer economy as well as medtech spending could provide further upside.
- A gradual increase in the EBITA margin is targeted in subsequent years, supported by increasing recurring revenues. Long-term sustainable potential for the EBITA margin is seen in the range of at least 16-20%.

Seeing beyond