

# Carl Zeiss Meditec AG



**Commerzbank – Sector  
Conference Week**

Patrick Kofler

30 August 2011

# Did you know that ...



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... **40 %** of the people will have Cataract, **5 %** Glaucoma and **10 %** AMD, that is 2/3 and the rest will have a refractive error (glasses)?



... **every second**, somebody goes blind due to AMD or glaucoma?

We provide ophthalmic systems which doctors can use to diagnose these diseases right from an early stage - helping them to prevent blindness.



An eye scan is carried out somewhere with these systems once every second.

... in the USA alone **13,000 people** die from brain tumors each year?

Our OPMI® Pentero® microscope has already been used for more than a million neurosurgery operations - helping to provide the best possible treatment.





- 1** **Carl Zeiss Meditec at a glance**
- 2** Key success factors and the new company program MEGA 2015
- 3** Financials
- 4** Looking to the future

# Carl Zeiss Meditec is one of the world's leading medical technology companies



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**Created in 2002**, trendsetter in ophthalmology and microsurgery with well-established gold-standards since 160 years

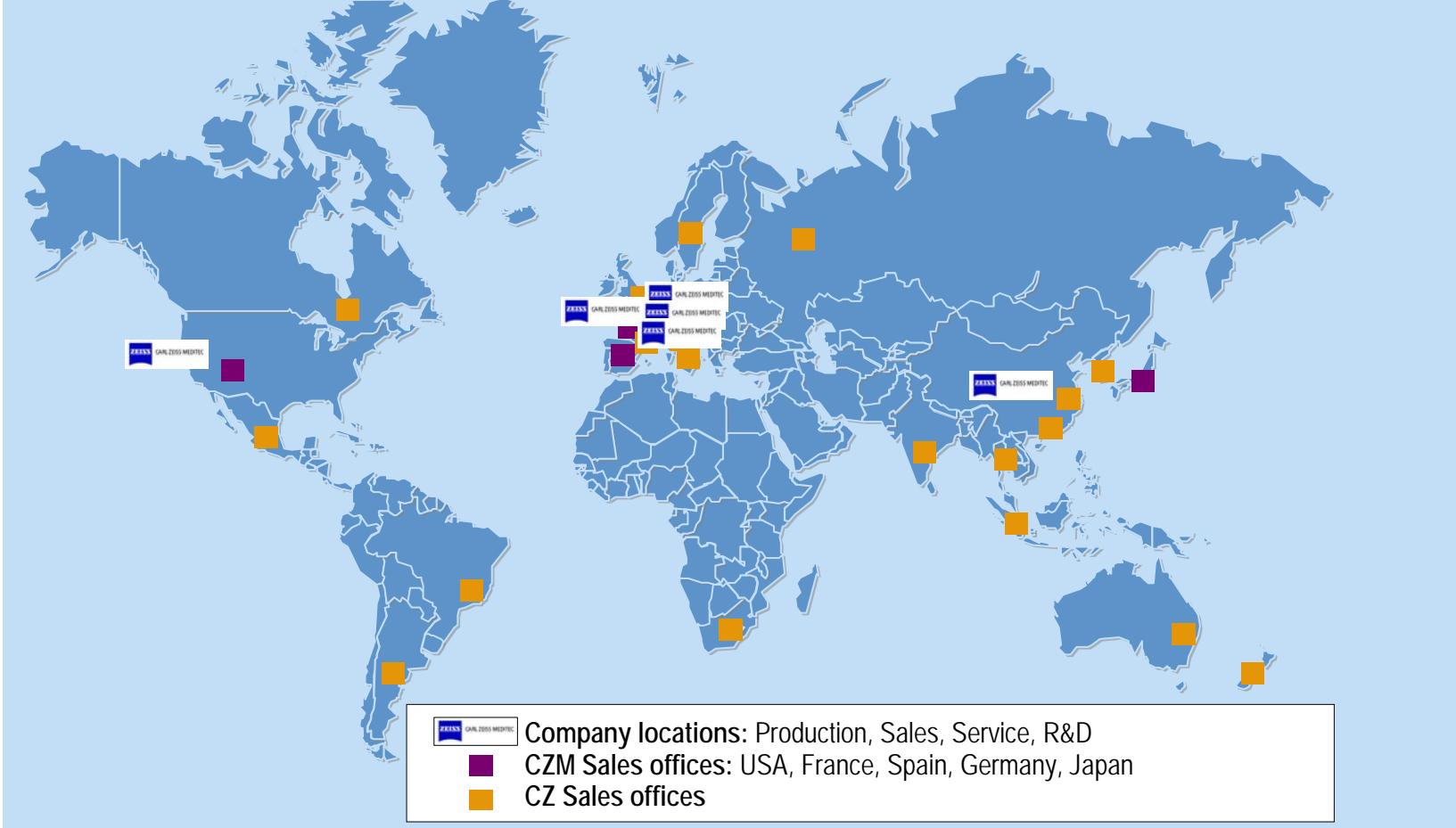
**Headquartered in Jena, Germany** with more than 2.100 employees worldwide, 50% outside of Germany

**Listed on the TecDAX;**  
65% of the shares held by Carl Zeiss

**Sales: €677 million, EBIT margin: 12.8%,**  
ROCE 25.6% in fiscal year 2009/2010



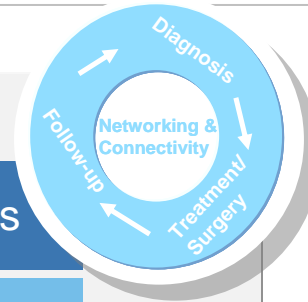
# Broad international base – close to our customer and backbone for our innovation



# Offering the most extensive portfolio in the industry – Maximizing customer benefit



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## Customer group:

Hospitals, clinics, ambulatory surgery centers

Private practitioners

### Microsurgery



Surgical microscope OPMI® Pentero®



Surgical microscope OPMI® Sensera®



IORT: INTRABEAM®

### Surgical Ophthalmology



Femtosecond laser system: VisuMax® (reported in SBU Ophthalmology)



Surgical microscope OPMI Lumera® (reported in SBU Microsurgery)



Intraocular lens AT LISA

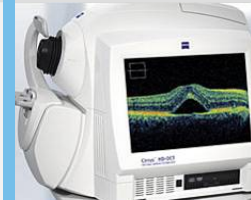
### Ophthalmology



Optical biometry: IOLMaster®



VISULAS Trion



OCT: Cirrus™ HD-OCT



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# Our key success factors

**1**

**Innovation**

**2**

**Global presence /  
Emerging markets**

**3**

**Customer orientation**

**4**

**People and processes**



## New Innovations

1. AT LISA violet light filtering
2. IOLMaster 500
3. LUMERA 700 – Resight
4. ReLEx  
VisuMax “All-in-One” Procedure
5. Launch first product with components from China production
6. BLUEMIXS
7. VISALIS 500 (Phaco)
8. VARIO 700

## Proof of Efficacy

**INTRABEAM** – is a unique device for intraoperative radiotherapy

Breast cancer is diagnosed in **1.3 million women** annually

Excellent results of 9 year TARGIT study with over 2.000 patients disclosed in 06/2010

Already 29 Breast cancer centers with INTRABEAM of approx. 230 certified breast cancer centers in Germany

CZM expects revenue in 2010/2011 of > € 10m

## Solutions

### **ZEISS Toric Solution**

helps doctors to implant and align toric lenses faster and easier, for even better results

### **ZEISS Ophthalmic Data Management Solution**

a completely integrated platform for diagnostic patient data as well as for surgery documentation, thus enabling a paperless workflow in the practice and into the OR.

### **ZEISS Refractive Laser Solution**

most comprehensive application range as well as a fully integrated flow of data and patient handling

# Global presence / Emerging markets

**1** Well-balanced and globally oriented

**2** Early presence in emerging markets  
Highest market dynamics  
(growth +30 %)

**3** Next step: CARIn  
Establishment of a new Center of  
Application & Research in India (CARIn)



# Customer orientation

1

**Global Service & Customer Care expanded** – across SBUs & locations

Next step:  
Increase service revenue

2

**Early customer integration in R&D**

**Specificly address customer needs with products, systems and solutions**

Next step: Expand solution business and leverage our product portfolio



## 1

### Target-oriented HR development:

- Mentoring program
- Strategic successor planning

### Utilization of global and culturally diverse organization



## 2

### Global introduction of Lean Manufacturing

### Target costing

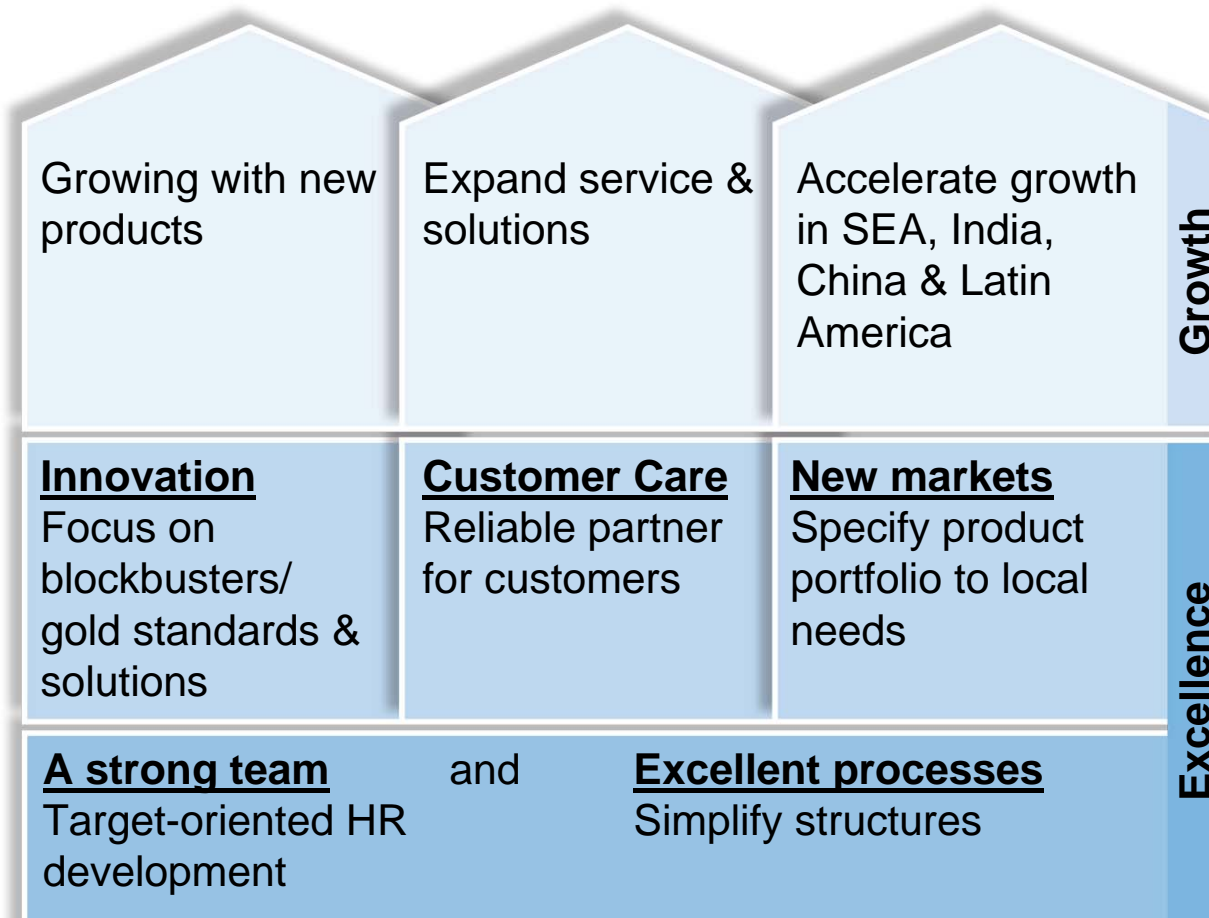
### Process harmonization to Best Practice



# MEGA 2015: Meditec Excellence and growth agenda



In addition to a focus on excellence in the five key areas, MEGA aims for company growth:



MEGA 2015 is a solid plan for the future

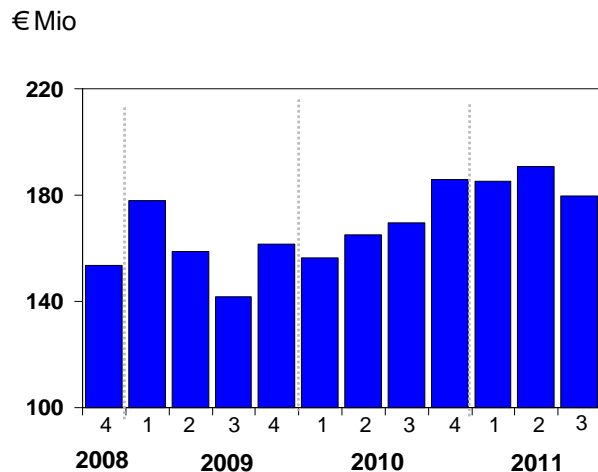


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# Carl Zeiss Meditec performance continues to be strong



## CZM revenue significantly over prior year



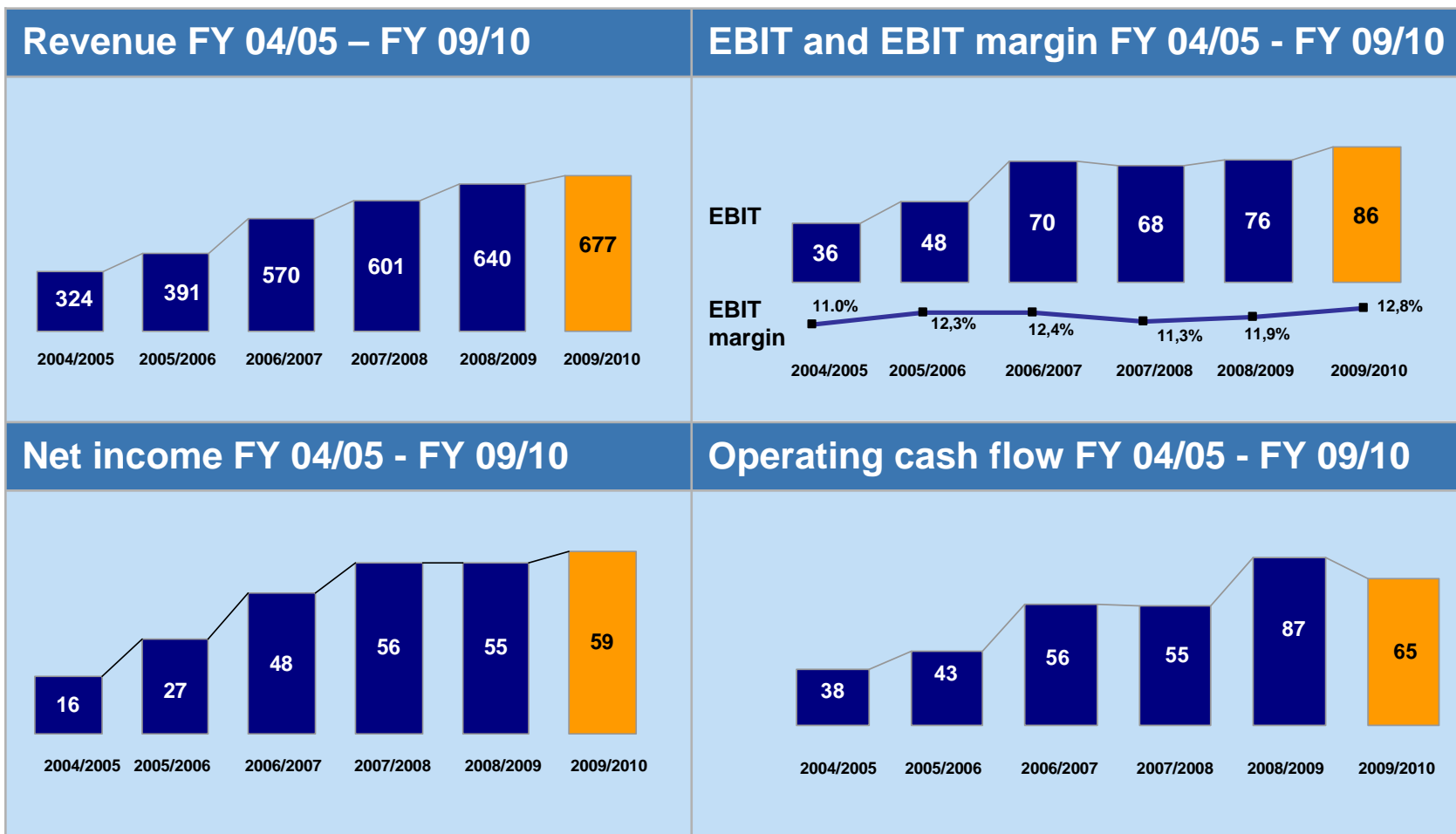
## Key takeaways:

- **9-month-revenue increased by 13.2% over PY** (constant currency: +11.8%)
- All regions and business units contribute to growth
- Strongest growth in SBU Microsurgery (20,8%). APAC remains to be regional driver.
- **Profitability rises to 13.6% (Ebit-margin)**  
Mainly attributable to volume effects and gross margin improvements
- **Strong balance sheet** (72,2 % Equity ratio, no debt)
- **Although markets are uncertain in the light of the debt crisis, guidance unchanged**

## Our Focus

Innovation. Customer care. New markets.

# Our track record: Successful, sustainable and stable



Figures according to IFRS, except for FY 2004/2005 US-GAAP

All figures in millions of € unless stated otherwise |  
Rounding differences to figures reported in € '000 are possible



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# Due to our stable strategic setup we are optimistic about the longer term development of CZM



## Why we are optimistic about our future perspectives

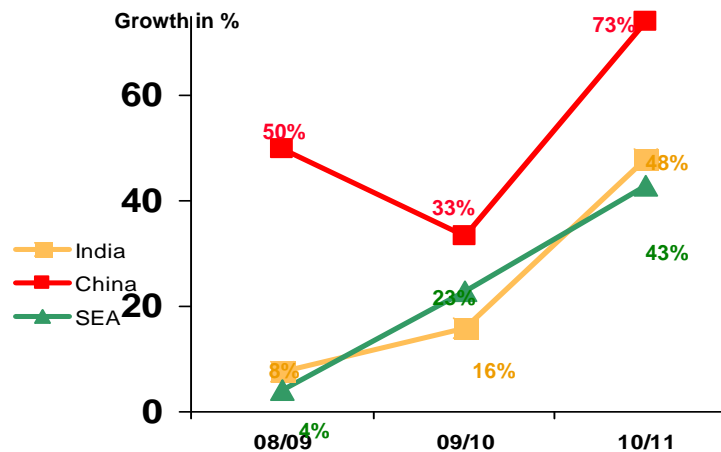
- Ophthalmology is a stable and predictable market which benefits from demographic trends
- We have a diverse business set-up and have invested in new products (e.g. radiotherapy)
- Our set-up in Asia allows us to participate in the growth of the rapidly developing economies (China, India, SEA)



Population age 65 and older [%]

	2010	2025	2050
WORLD	7	10	16
Europe	16	21	26
North America	13	18	21
Latin America & Caribbean	6	10	19
Asia	7	10	18
Africa	3	4	7
Oceania	10	15	19

## Growth rates in India, China and SEA 2009-2011



Source: 2010 World Population Data Sheet and United Nations Population Division

# We confirm our guidance for FY 2010/11

## What to expect from FY 2010/11

- The turbulences of global economy cause some uncertainty
- We confirm our revenue guidance: FY 10/11 €720-750m
- Compared to PY, EBIT will be further improved in FY 10/11 on our course towards margin of up to 15% by 2015

## What to expect longer term

- We will continue to implement our company program MEGA 2015
- We are prepared to react to changes of the economic environment
- We continue to work on M&A opportunities



The moment innovation and passion  
lead to the best vision for the patient.  
This is the moment we work for.



We make it visible.

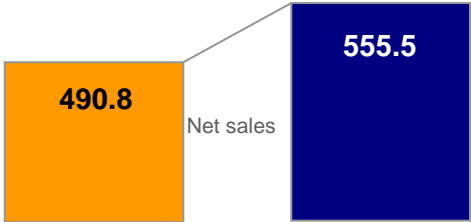
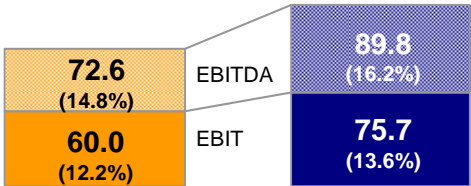
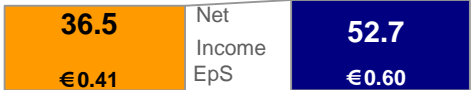
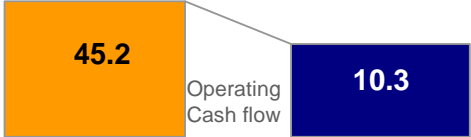


// OPHTHALMIC  
SOLUTIONS  
MADE BY CARL ZEISS



# Appendix

# All SBUs and regions drive growth

Key financials / Background	9M 2009/2010 and 9M 2010/2011	Change
<ul style="list-style-type: none"> <li>Revenue growth due to positive market development during 9 months reporting period and good market position of CZM</li> <li>positive currency effects (+1,4%, 7m € YTD)</li> </ul>	 <p>Net sales</p> <p>490.8 (9M 2009/2010) vs 555.5 (9M 2010/2011)</p>	<p>▲ +13.2%</p>
<ul style="list-style-type: none"> <li>Increase of EBITDA and EBIT due to strong topline and improved gross margin</li> </ul>	 <p>EBITDA: 72.6 (14.8%) vs 89.8 (16.2%)</p> <p>EBIT: 60.0 (12.2%) vs 75.7 (13.6%)</p>	<p>▲ +23.7%</p> <p>▲ +26.2%</p>
<ul style="list-style-type: none"> <li>Net income and EPS improved due to strong EBIT supported by positive financial result</li> </ul>	 <p>Net Income: 36.5 vs 52.7</p> <p>EpS: €0.41 vs €0.60</p>	<p>▲ +44,6%</p> <p>▲ +48,0%</p>
<ul style="list-style-type: none"> <li>Decrease in cash flow from operating activities mainly due to an increase in trades receivable and inventories, increase in income tax paid</li> </ul>	 <p>Operating Cash flow</p> <p>45.2 (9M 2009/2010) vs 10.3 (9M 2010/2011)</p>	<p>▼ -77.3%</p>

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# Successful financial year 2009/10: Revenue and result in excess of expectations



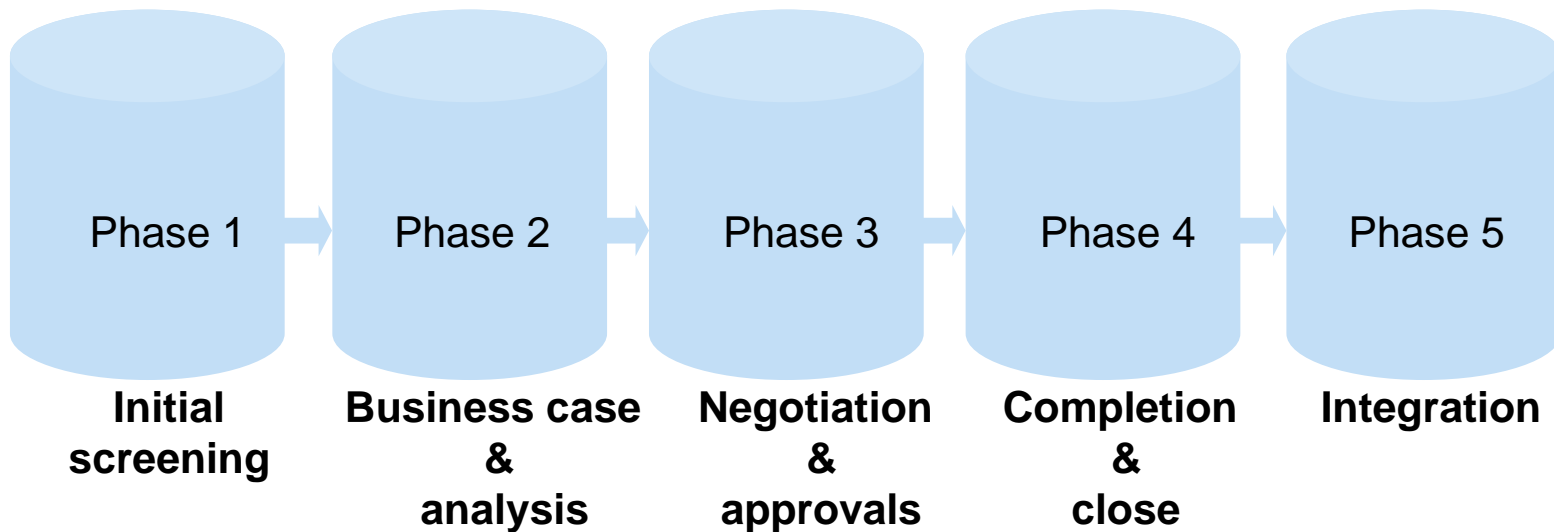
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<b>676.7</b> Revenue in € million	<b>54.9</b> Consolidated net income after non-controlling interest in € million	<b>0.68 &amp; 0.22</b> <b>(+ 0.33)</b> Earnings & dividend (special dividend) per share in €
<b>12.8</b> EBIT margin in %	<b>65.2</b> Operative cash flow in € million	<b>72.4</b> Investment in research and development in € million

## Key topics

- Emerged stronger from the crisis
- Again growing faster than the market
- Double-figure growth in APAC
- High level of incoming orders
- Successful conclusion of RACE 2010
- Unprecedented level of R&D investments

# Our M&A process



➔ Typically 5-7 targets in phase 1, 2-3 in phase 2, max 2 in phase 3-5

# A comprehensive eye care portfolio by the global market leader



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## OUR MARKET:

- Stable, with solid underlying growth in demand
- Market growth is further enhanced by mega trends
- Attractive market segments with high entry barriers

## OUR OFFERING TO THE CUSTOMER:

- Solutions for screening, diagnosis, (micro)surgery and follow-up
- Comprehensive eye-care portfolio
- Focus on workflow and image management solutions
- Developing industry connectivity and networking standards
- Product philosophy driven by simplicity, precision and efficiency

## OUR COMPETITIVE POSITION:

- Unique global brand equity
- Trendsetter with well-established gold-standards since 160 years
- Global presence in sales, customer-care, engineering and manufacturing
- Excellent footing in emerging markets



# Attractive growth potential combined with solid financial setup

## OUR FINANCIAL PERFORMANCE:

- Solid and profitable growth since 2002
- Strong equity and cash position, no debt
- Focus on sustainable ROCE and high FCF generation
- Recurring revenue share increasing

## OUR GROWTH PLANS & SHORT-TERM POTENTIAL:

- Next generation of gold-standard products
- Further expanding our business in Emerging Markets
- Becoming the leading workflow solution provider
- Screening for portfolio completion opportunities

## OUR STOCK:

- Combines growth opportunity with solid dividend
- Ideal for investors who believe in long-term sustainable growth companies



## Financial Calendar

30 Aug 2011	Commerzbank Sector Conference Week, Frankfurt a. M.
7/8 Sep 2011	Goldman Sachs European MedTech & Healthcare Services Conference, London
13 Sep 2011	Morgan Stanley Global Healthcare Conference, New York
27 Sep 2011	Jefferies Global Healthcare Conference, London
29 Sep 2011	UniCredit German Investment Conference, München
08 Dec 2011	Annual Financial Statements

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