

# Carl Zeiss Meditec



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**Commerzbank  
Life Sciences Forum**

October 2009

# Safe harbour statement



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# 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** Financials

**3** Looking to the future

# Structural market drivers



## Underlying drivers: World demographics & Additional Trends

% of population >60 years	1950	2010e	2020e	2050e	CAGR 2010-20e	Pop. growth 2010-20e
China	7,5%	12,3%	16,7%	31,1%	3,1%	1,1%
India	5,4%	7,5%	9,8%	19,6%	2,7%	2,3%
Germany	14,6%	26,0%	30,3%	39,5%	1,5%	-0,4%
USA	12,5%	18,2%	22,3%	27,4%	2,1%	1,7%

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2008 Revision, <http://esa.un.org/unpp>, Thursday, August 20, 2009; 2:23:16 AM.

- Office-based work & nutrition
- Early prevention
- Quality of life

## Market dynamics & structural trends

- Reimbursement & stimulus schemes: more relevant for hospitals than practitioners
- Digitalization trends: more relevant in developed than emerging countries
- Erosion of medium price/quality segment: trend towards little compromises in optics

## Carl Zeiss Meditec growth drivers

- Geographic reach: leverage of product portfolio on a global scale
- Innovation: new techniques and consumables create additional demand / new markets

# Our customer value proposition



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## What our customers care for:

- Precision: diagnosis and treatment instruments of highest standards
- Satisfaction: least physical and psychological impact on patient
- Simplicity: result-oriented equipment output allows for more patient time
- Connectivity: different equipment that interconnects and stores data
- Efficiency: short payback cycles for equipment costs

## What we are able to deliver:

- Quality: We develop gold standards raising precision levels
- Intelligence: Our products are designed with the medical workflow in mind
- Networks: Our product range can interconnect locally or exchange data with external parties, e.g. practitioners <-> hospitals
- Proposition: We don't compete on price; our proposition is a faster payback period, longer lifecycle and flexibility of upgrades

# Striving to improve people's life with innovations – fulfilling our strong brand promise



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We at Carl Zeiss Meditec aim to

**make life better for as many people as possible.**

As all human beings have the right to **sight, mobility and an active life** – throughout their lives.

MISSION

**Our track record is 160 years of excellence in quality.**

Throughout our company history we have created a

large number of **gold standards in ophthalmology and microsurgery.**

QUALITY

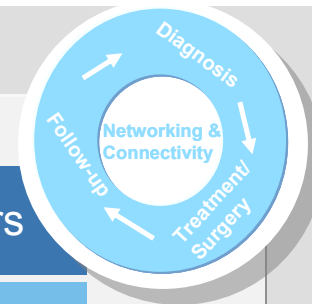
**Our brand is a truly valuable asset.** On first sight it stands for the highest quality standards, precision and robustness, on second sight for simplicity, efficiency and value-added.

BRAND

# 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®



Surgical microscope OPMI Lumera®



Intraocular lens \*AT.LISA

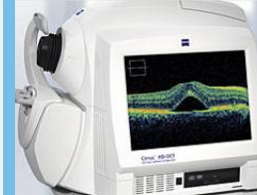
### Ophthalmology



Optical biometry: IOLMaster®



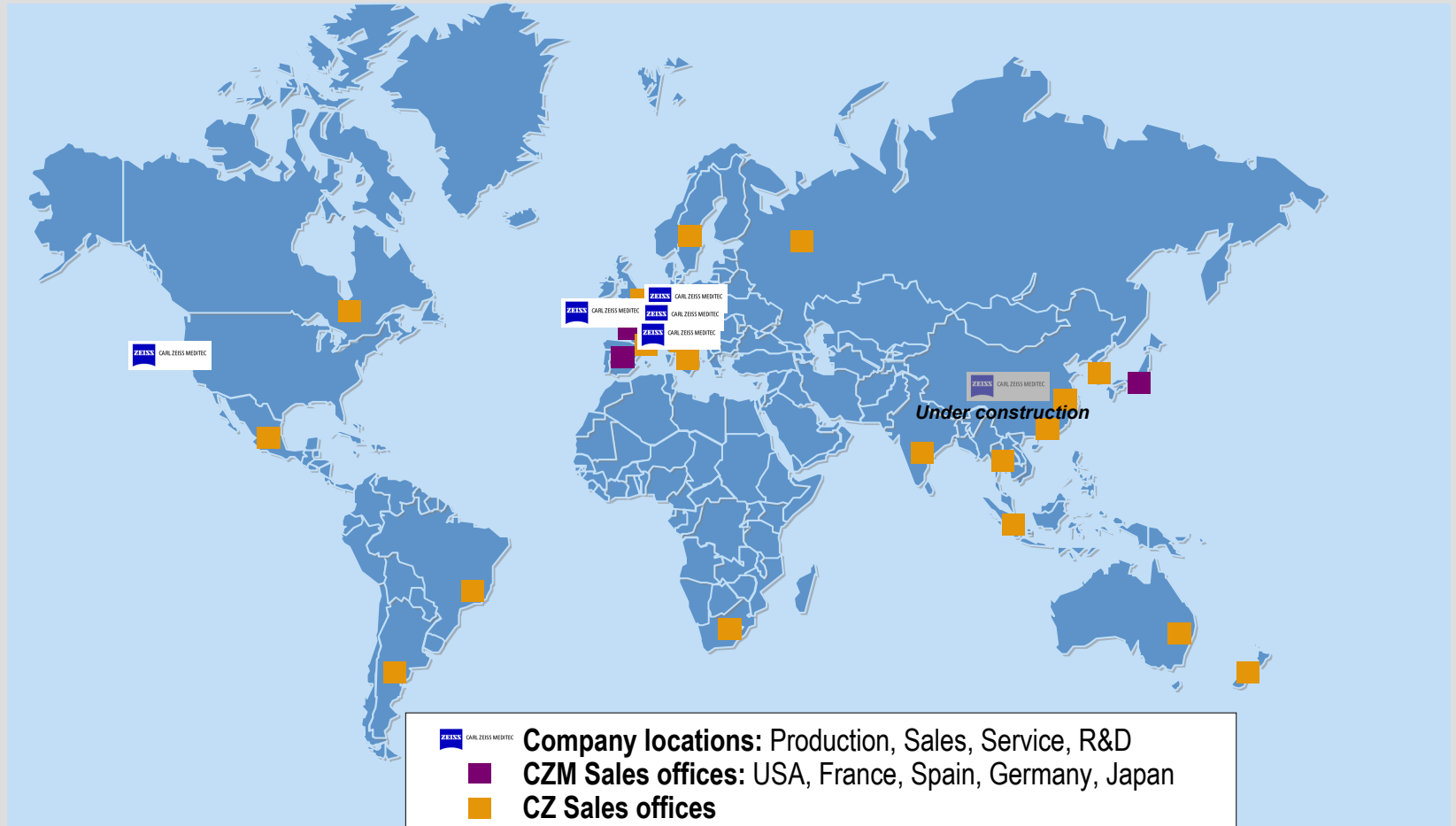
VISULAS Trion



OCT: Cirrus™ HD-OCT



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





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# Well balanced setup 9M 2008/2009 despite difficult economic environment



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Key financials   Main reasons	9M 2007/08 and	2008/09	Change
<ul style="list-style-type: none"> <li>APAC as growth driver</li> <li>Positive currency translation effects from weak USD and Yen vs. Euro</li> </ul>	446.6	478.5	▲ + 7.2%
<ul style="list-style-type: none"> <li>EBITDA and EBIT increase confirming profitable growth trend despite high investments</li> </ul>	57.6 (12.9%) 48.3 (10.8%)	EBITDA 65.4 (13.7%) EBIT 53.6 (11.2%)	▲ + 13.6% ▲ + 11.0%
<ul style="list-style-type: none"> <li>Net income and EPS lower due to decreased interest rates; increase in tax rate due to regional profit distribution and one-off effect in last year's tax rate</li> </ul>	38.8 € 0.45	36.2 € 0.40	▼ - 6.6% ▼ - 11.1%
<ul style="list-style-type: none"> <li>High cash flow from operating activities</li> </ul>	29.4	58.6	▲ + 98.6%

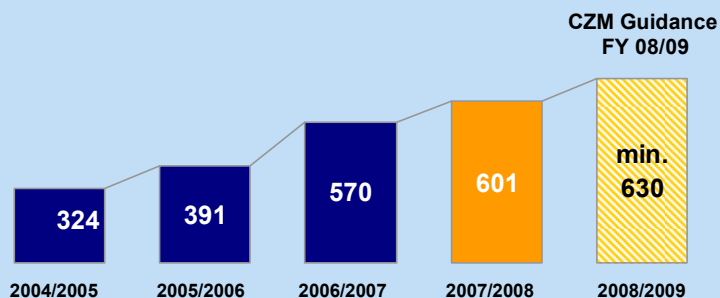
All figures in millions of € unless stated otherwise |  
Rounding differences to figures reported in € '000 are possible

# Our track record: Successful, sustainable and stable

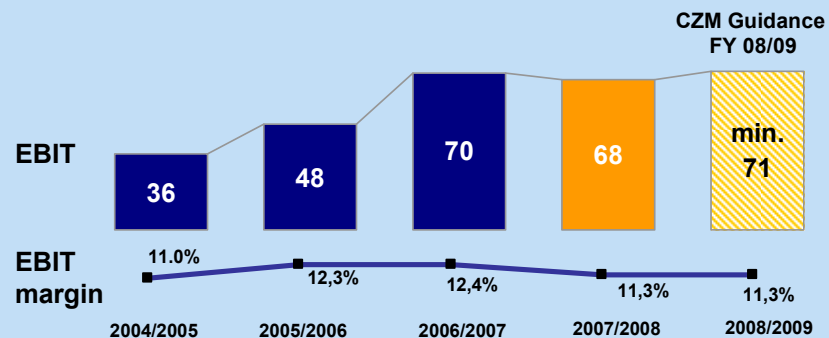


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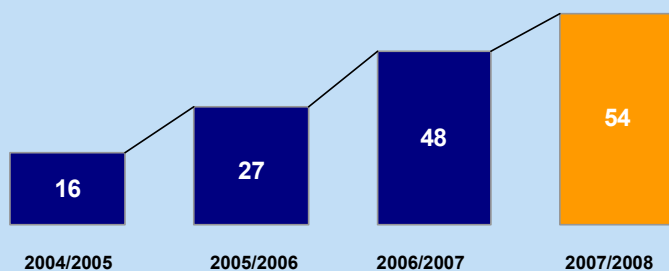
## Revenue FY 04/05 – FY 07/08



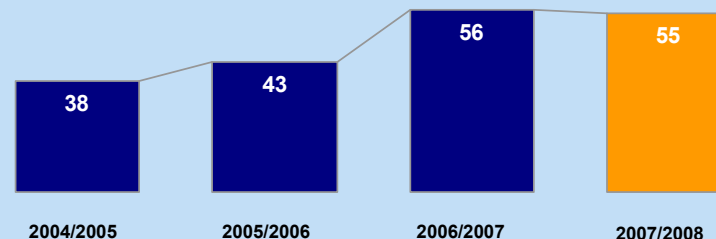
## EBIT and EBIT margin FY 04/05 - FY 07/08



## Net income FY 04/05 - FY 07/08



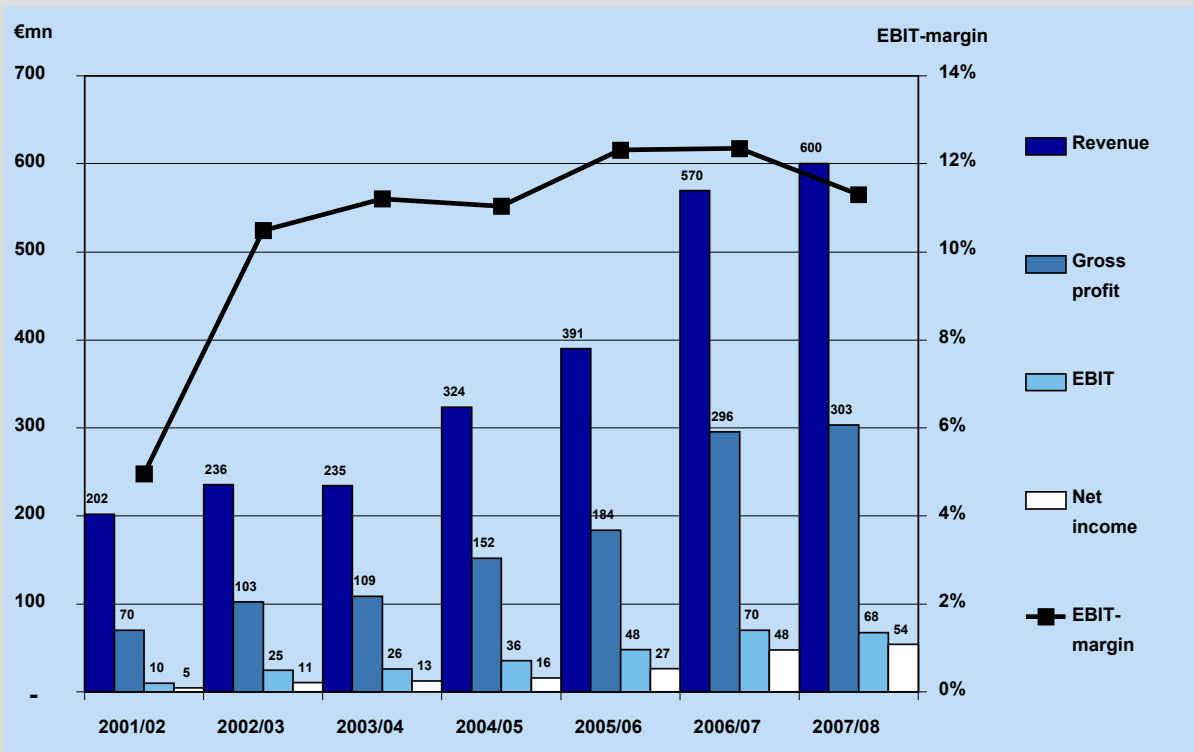
## Operating cash flow FY 04/05 - FY 07/08



Figures according to IFRS

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

# Clear strategy – successful business development



## CAGR 2002-08 (FYE 30.09.)

Revenue: +19,9%

GP: +27,6%

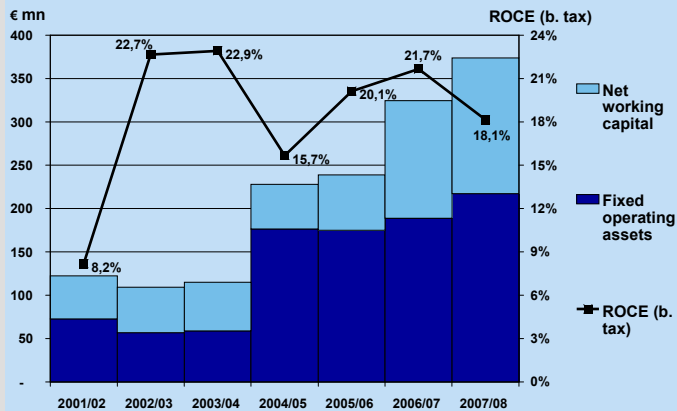
EBIT: +37,5%

NI: +50,3%

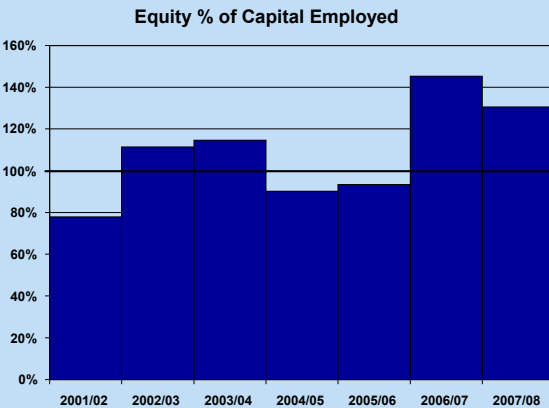
- significant effort in maximizing P&L efficiency achieved over the last years
- operating leverage (COGS~49%) supports disproportionate bottom-line growth

# ...with a focus on ROCE, Solvency and Free Cash Flows

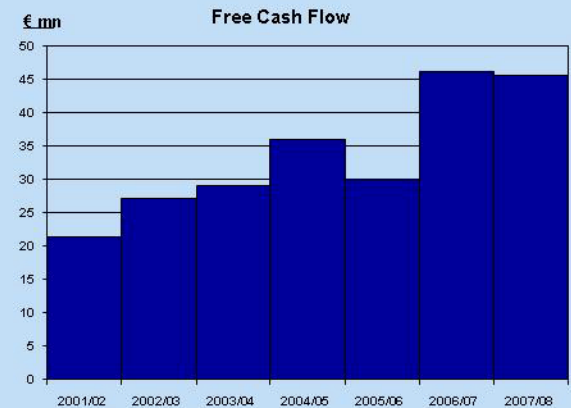
## Fundamental value creation



## Conservative financing structures



## Sustainable FCF generation



- Continuous focus on capital discipline and margin improvement in the business model
- net income growth achieved while decreasing financial leverage < 0% (€200mn cash)
- sustainable annual Free Cash Flow generation of approx. €50mn p.a. expected
- Reinvestment rate of approx. 85% reflects future growth expectations for business model
- Optimization of WACC depends on availability of opportunistic growth & financing



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# Company has sound strategic plan for the future – RACE 2010



## Rapid Achievement of Company Excellence 2010

<b>Pushing product innovation</b>	<b>Improving customer orientation</b>	<b>Expanding into new markets</b>
<ul style="list-style-type: none"><li>▪ Ramp up of new blockbuster products</li><li>▪ Target: creating new gold standards</li><li>▪ Driving additional growth</li></ul>	<ul style="list-style-type: none"><li>▪ Designing products to target customer needs</li><li>▪ Providing networking, connectivity and service</li><li>▪ Driving product portfolio on a better margin mix</li></ul>	<ul style="list-style-type: none"><li>▪ Addressing emerging markets (Asia, Pacific and Latin America)</li><li>▪ Considering external growth opportunities</li><li>▪ Secure brand value</li></ul>
<b>Empowering people</b>		
<b>Achieving global process excellence</b>		



# A comprehensive eye care portfolio by the global market leader

## 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:

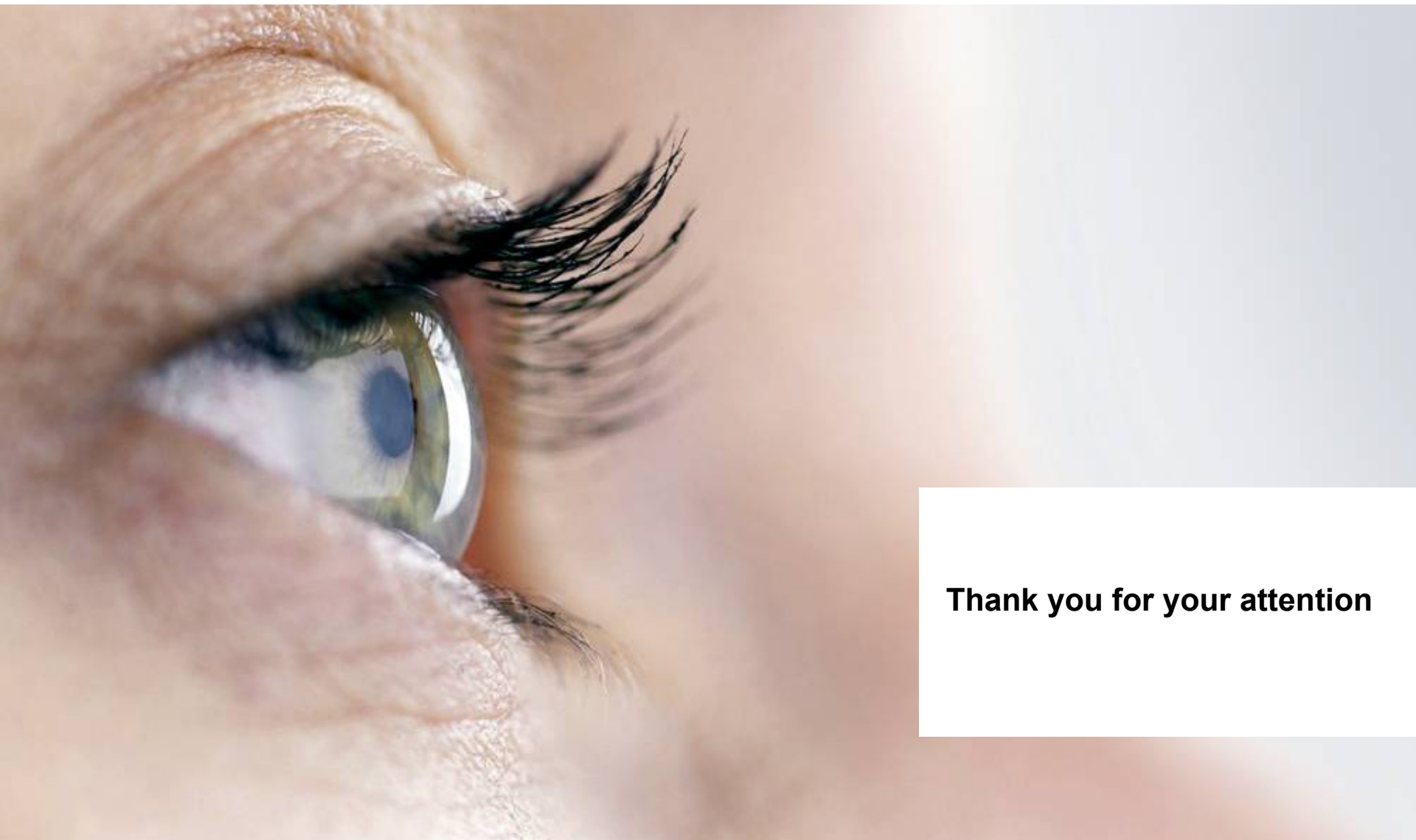
- Next generation of gold-standard products
- Further expanding our business in Asia Pacific
- Becoming the leading workflow solution provider
- Screening for portfolio completion opportunities

## OUR STOCK:

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



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**Thank you for your attention**



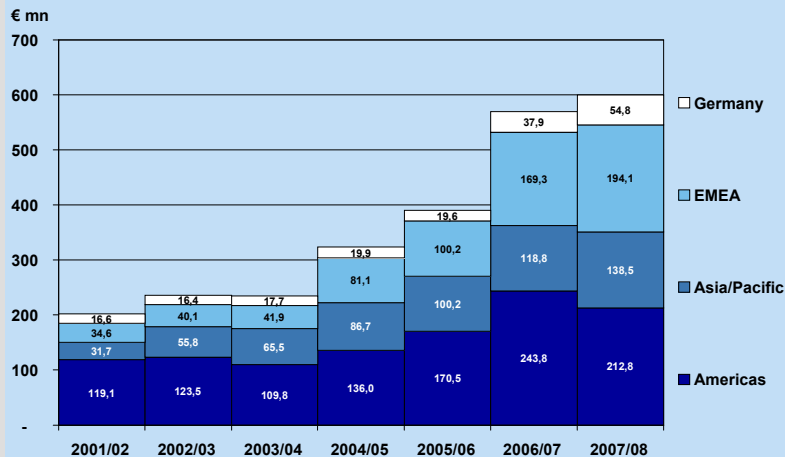
# Backup

# Carl Zeiss Meditec – historic regional and SBU evolution

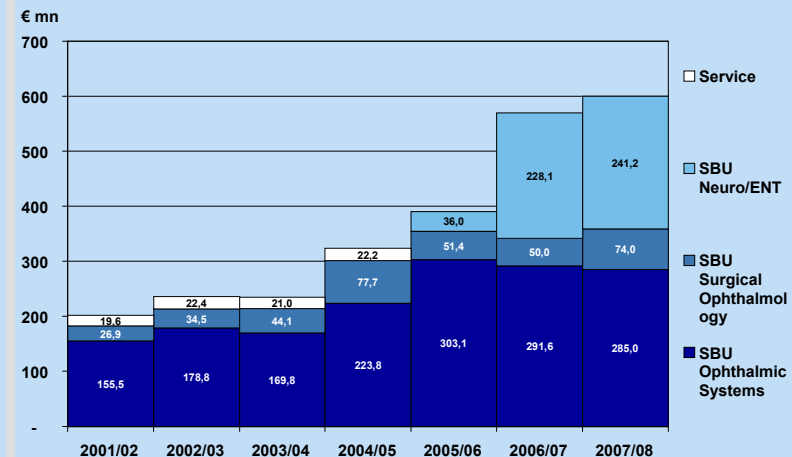


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## Revenue development by regions 2002-08



## Revenue development by SBU 2002-08



- Geographic footprint almost evenly balanced EMEA 39%, NA 35%, Asia 27%
- Product portfolio still biased towards ophthalmic systems, but surgical ophthalmology growing strong from a low base
- Global market leader in ophthalmic systems and Neuro/ENT equipment
- Attractiveness of surgical ophthalmology is the larger amount of consumables