

# Carl Zeiss Meditec Group Analyst Conference 2017/18



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2017/18 at a Glance

Financial Performance

Highlights

Outlook

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# Strong Growth in Revenue and EBIT in FY 2017/18



## Revenue

in € million

+7.6%

12M 2017/18

1,280.9

12M 2016/17

1,189.9

▶ Revenue grew by 7.6% (fx-adj. 11.1%), supported by all SBUs and all regions

- Revenue of € 1,280.9 mn in line with our forecast of € 1,250 – 1,300 mn
- Strong contributions from both SBU's and all regions, highest growth in SBU Microsurgery and in Americas and APAC

## EBIT

in € million

+9.0%

12M 2017/18

197.1

12M 2016/17

180.8

▶ EBIT increased by 9% y/y - EBIT margin stable at 15.4% (prev. year: 15.2%) in spite of adverse currency effects

- Adj. EBIT grew by 14% to adj. EBIT margin of 15.7% (prev. year: 14.8%)

## EPS

in €

-10.0%

12M 2017/18

1.41

12M 2016/17

1.57

▶ Stable dividend of EUR 0.55 proposed – payout ratio increased to 39%

- EPS decline primarily caused by adverse currency effects and higher share count

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Highlights

Outlook

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# Ophthalmic Devices Achieves Further Gains Ahead of Market Across the Portfolio



## Ophthalmic Devices Revenue

in € million

12M 2017/18

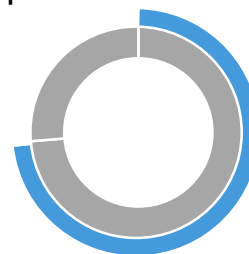
**933.3** +6.0%

12M 2016/17

880.5

## Revenue split

in %



**73%**

of total revenue



- FX-adj. sales growth of 9.3%
- Strong performance across the portfolio with main contributions from Ophthalmic Diagnostics, Refractive Lasers and Standard and Premium IOLs
- Profitability slightly improved y/y due to favourable product mix with higher recurring revenue

# Microsurgery Provides the Strongest Growth Contribution, Supported by New Products



## Microsurgery Revenue

in € million

12M 2017/18

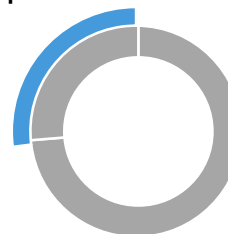
**347.6** +12.3%

12M 2016/17

309.4

## Revenue split

in %



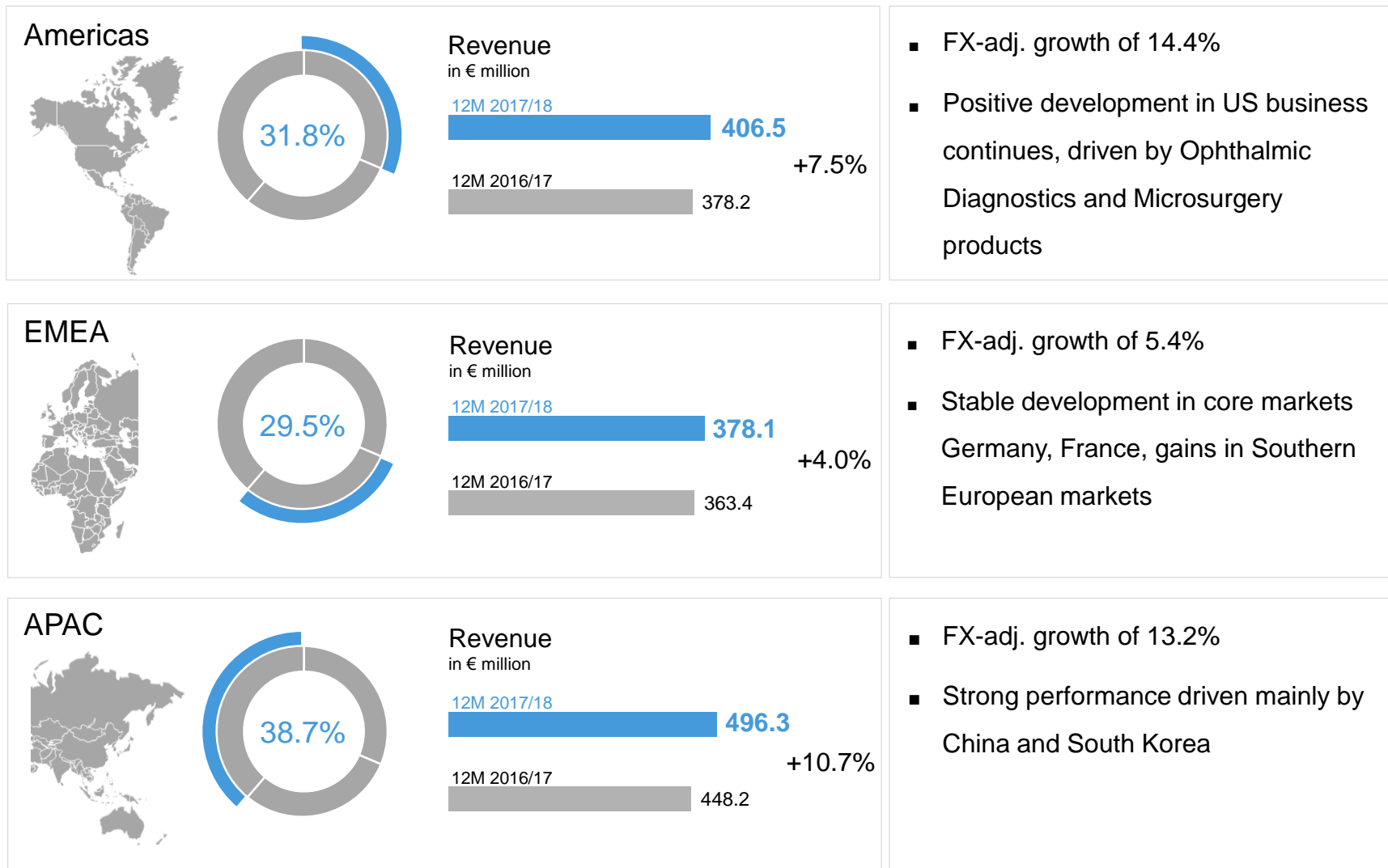
**27%**

of total revenue



- FX-adj. sales growth of 16.5%
- Continued strong development of new products for neurosurgery and dental surgery
- Further innovation presented for ENT and spine surgery
- Profitability slightly weaker y/y mainly due to launch costs and FX headwind

# Fastest Growth from Americas and APAC region

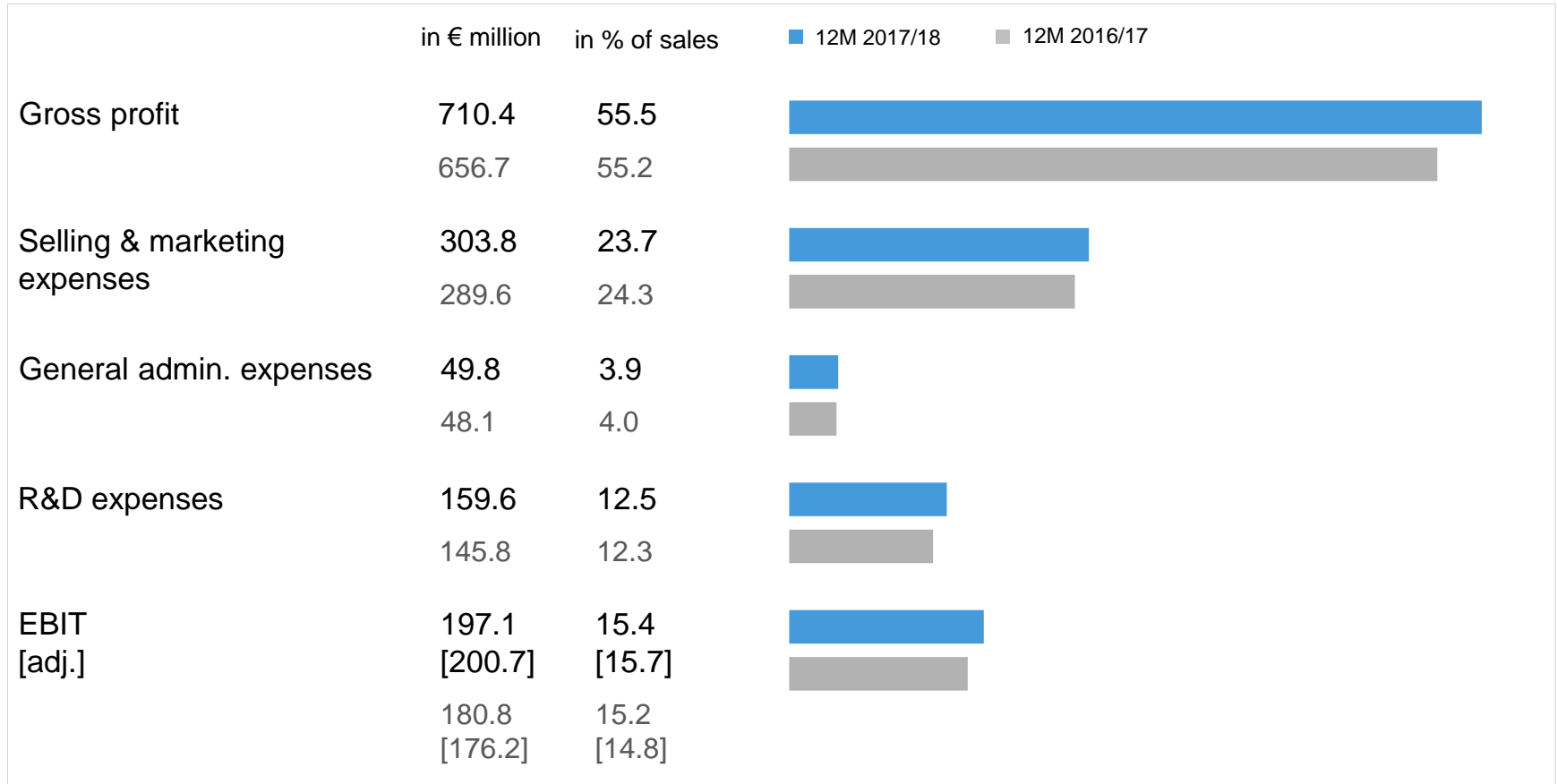




# EBIT Margin Expands y/y Supported by Economies of Scale and Cost Discipline Across the Business



## Income statement



# Adjusted EBIT Margin Rises to 15.7%



	12 Months 2017/18	12 Months 2016/17	Change to PY
	in € million	in € million	in %
<b>EBIT</b>	<b>197.1</b>	<b>180.8</b>	<b>+ 9.0</b>
Acquisition-related special effects	-3.6	4.6	-
Restructuring/reorganization	-	-	-
<b>Adjusted EBIT</b>	<b>200.7</b>	<b>176.2</b>	<b>+ 13.9</b>
<b>Adjusted EBIT in % of revenue</b>	<b>15.7%</b>	<b>14.8%</b>	<b>+ 0.9%-pts.</b>

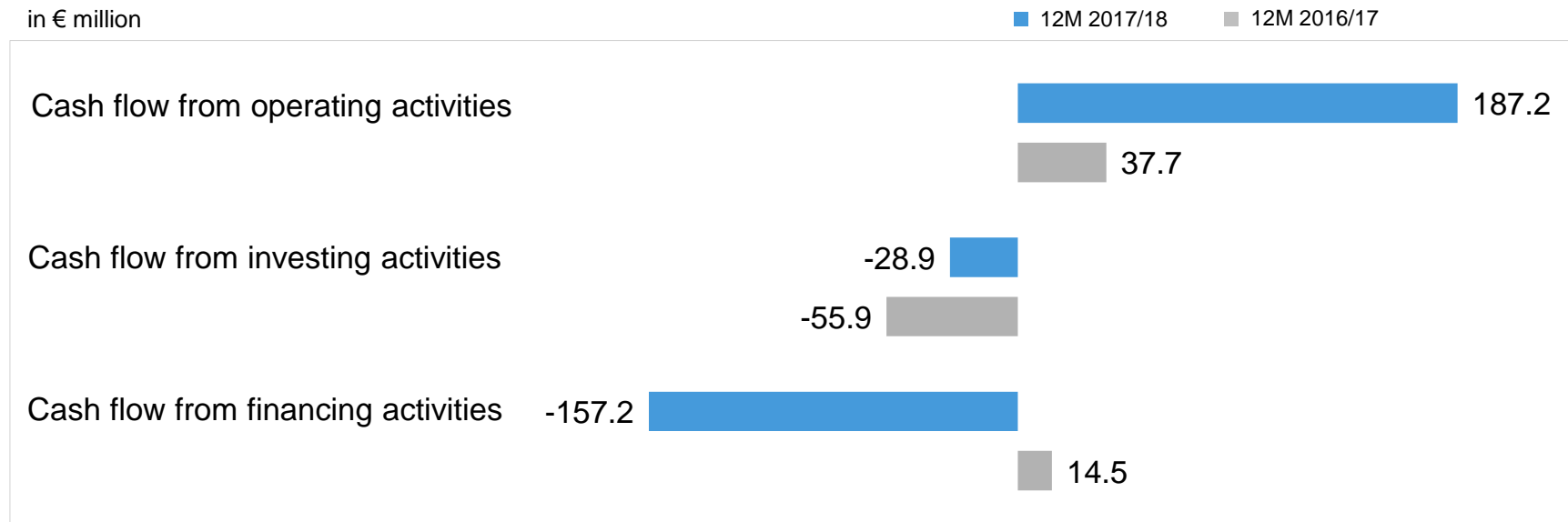
- Acquisition-related special items in 12M 2016/17 still contained one-off gains from the sale of non-core assets at Ontario site of € 7.5 mn

# Strong Recovery in Operating Cash Flow



## Cash flow statement

in € million



- Strong recovery in operating cash flow due to reduced inventory build and tight control of trade receivables compared to past year
- Cash outflow from investing reduced vs last year, which had included acquisitions of OLE and Veracity
- Swings in cash flow from financing influenced by development of deposits held at our group treasury account as well as dividend payments

# Balance Sheet Remains Strong as Net Cash Continues to Grow and Working Capital Ratios Improve



Key ratio <sup>2)</sup>	Sep 30, 2018	Change to Sep 30, 2017
Equity ratio	79.1 %	+ 2.6%-pts
Net cash and cash equivalents	€ 670.0 mn	+ 18.6%
Net working capital	€ 300.9 mn	- 7.9%
Trade receivables in % of revenue	23.3%	- 1.7%-pts.
Inventory in % of revenue	19.4%	- 0.3%-pts

- Our balance sheet and financial ratios remain very strong
- Net cash further increased year-over-year
- Our balance sheet and financial ratios remain very strong with an equity ratio of 79.1%  
(30. September 2017: 76.5 %)

<sup>2)</sup> See definition page 41 of the Annual Report 2017/18 of Carl Zeiss Meditec AG

# Dividend of EUR 0.55 Proposed For FY 2017/18



## Dividend Payout ratio

in € per share

2017/18



2016/17



2015/16



- Stable dividend proposal of € 0.55 per share (39% of EPS)
- Slightly exceeds long-term payout policy of ~1/3 of EPS

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Highlights

Outlook

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# Acquisition of IanTECH - Enhancing Consumables Offering in Cataract Surgery



- Acquisition of IanTECH Inc. extends consumables portfolio in cataract surgery
- First product: FDA-approved miLOOP™ device designed to offer cataract surgeons the ability to achieve lens fragmentation for any grade cataract
- Technology pipeline for future cataract removal device
- IanTECH management to stay on to support commercialization and further development



## Our strategic view:

- ▶ Innovative tools in cataract surgery support CZM's role as a full-service provider
- ▶ Opportunity to offer comprehensive cataract solution, expand market share in the IOL business and win additional customers

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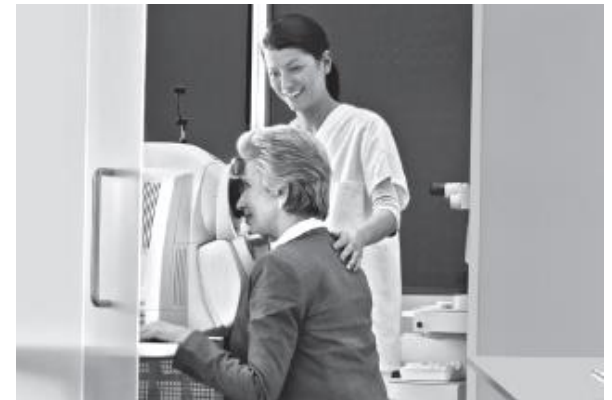
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Financial Performance

Highlights

Outlook

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# Outlook – Focus on Further Profitable Growth



## Favourable long-term trends:

- Aging of the population and growing affluence
- Rising access to health care in RDEs
- Increasing information access and awareness
- Growing patient load, growing expectations

## Our strategic priorities:

- Further expand recurring revenue generation
- Extend technology leadership in cataract
- Drive market penetration of SMILE Refractive Laser surgery
- Lead neuro/ENT market by turning next-generation product into business growth

Key ratio	12 Months 2017/18	FY 2018/19 goals	Mid-term goals
Revenue	€ 1,280.9 million	At least as fast as our markets grow	At least as fast as our markets grow
EBIT margin	15.4%	14%–16%	14%–16%

