

3 Month report 2009/2010



Telephone Conference

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Safe harbour statement



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1. Key Results Q1 2009/2010

2. Details of business performance

3. Outlook

Slow start in FY, but stable margin despite lower revenue



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Key takeaways:

- Market conditions remain volatile
- Stable EBIT-margin due to improved cost position
- Lower revenue compared to PY mainly due to strong revenue quarter Q1 08/09 driven by a backlog effect and negative currency translation
- Good growth in IOL business (+10%) with new innovative products
- Gross margin improved to 50,7% (PY: 50,3%)
- Order backlog up by 7,4%
- Operating cash flow increased compared to previous year
- Strong balance sheet (> 250m Cash, >70 % Equity ratio, no debt)
- M&A pipeline filling up
- With strong product pipeline and solution provider approach well positioned

Our Focus

Innovation. New markets. Customer care.

Comparison to FY 08/09, unsatisfactory start in FY 09/10



Key financials / Main reasons	Q1 2008/09 and Q1 2009/10	Change
<ul style="list-style-type: none"> Slight increase in SBU SO, decrease in all regions Negative currency translation effects from strong Euro vs. USD and Yen 		<p>▼ -12.2%</p>
<ul style="list-style-type: none"> Margins (EBIT, EBITDA) relatively stable due to improved cost Absolute EBIT and EBITDA influenced by lower revenues 		<p>▼ -9.7%</p> <p>▼ -13.1%</p>
<ul style="list-style-type: none"> Decrease in EBIT and lower interest rate result in reduced net income 		<p>▼ -11.3%</p> <p>▼ -12.5%</p>
<ul style="list-style-type: none"> Increase in cash flow from operating activities 		<p>▲ + 92.5%</p>

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



1. Key Results Q1 2009/2010

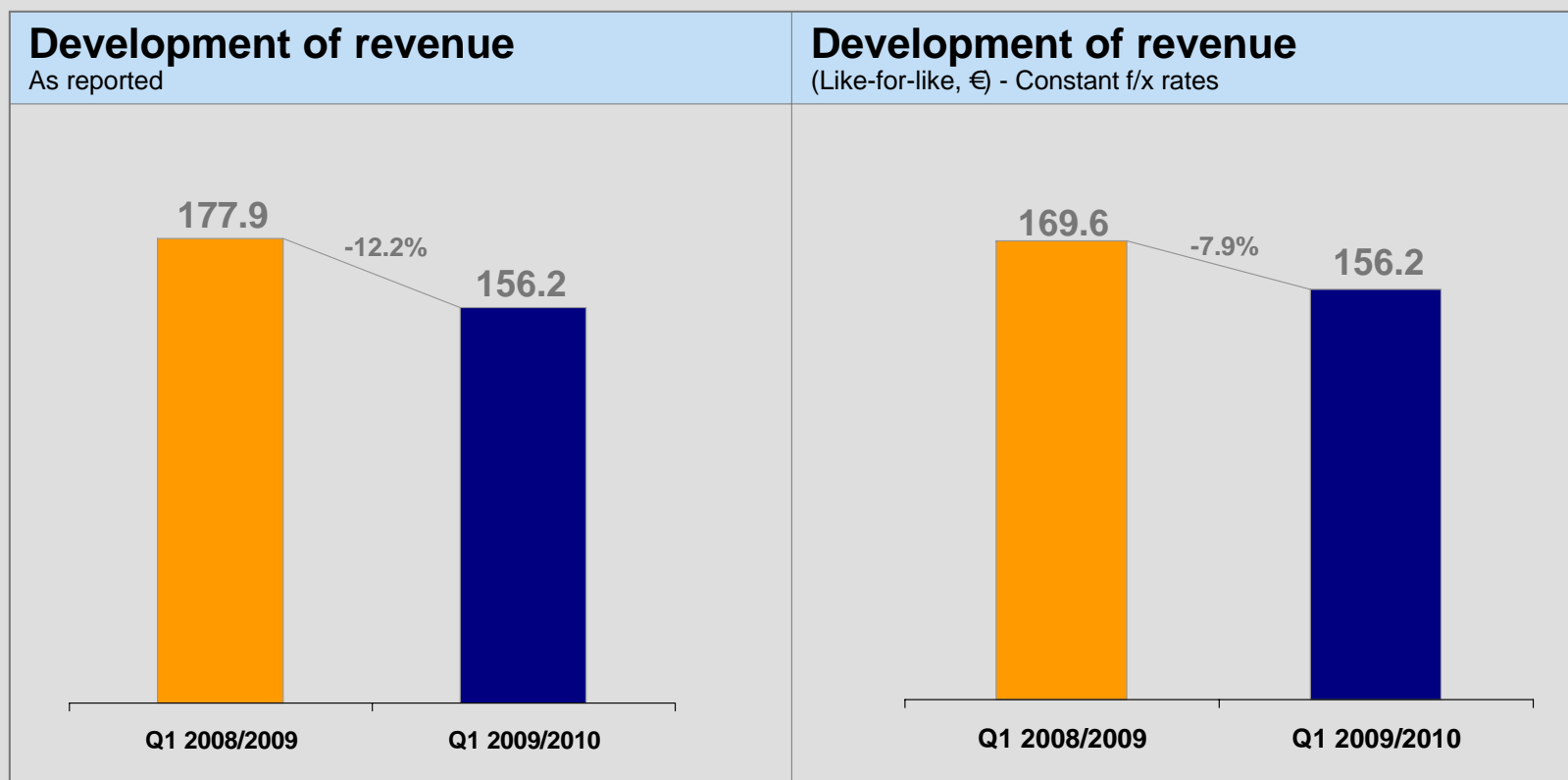
2. Details of business performance

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Negative translation effects from exchange rate account for part of revenue development



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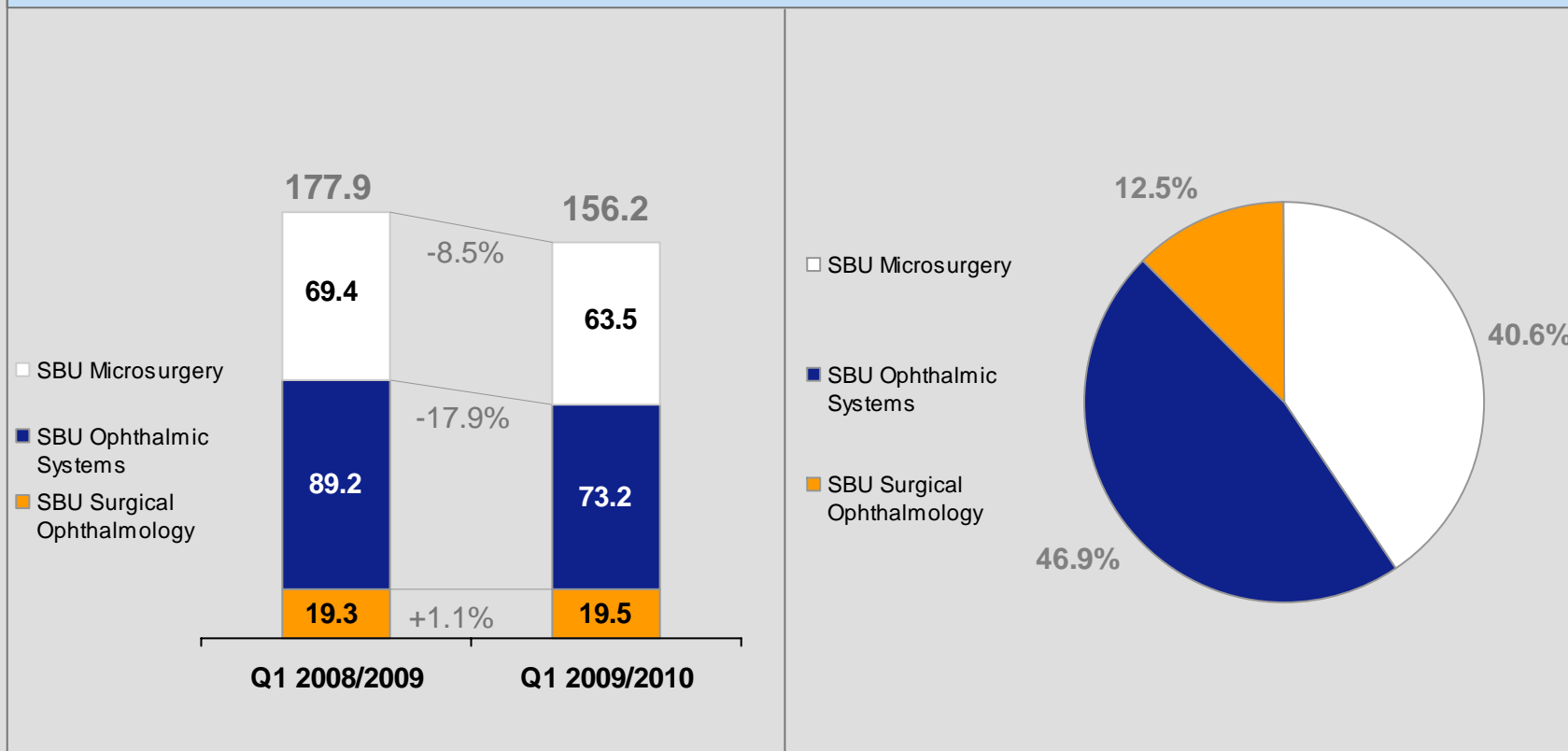
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Increasing share of surgical ophthalmology business



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Revenue by business unit and contribution of each unit to consolidated revenue

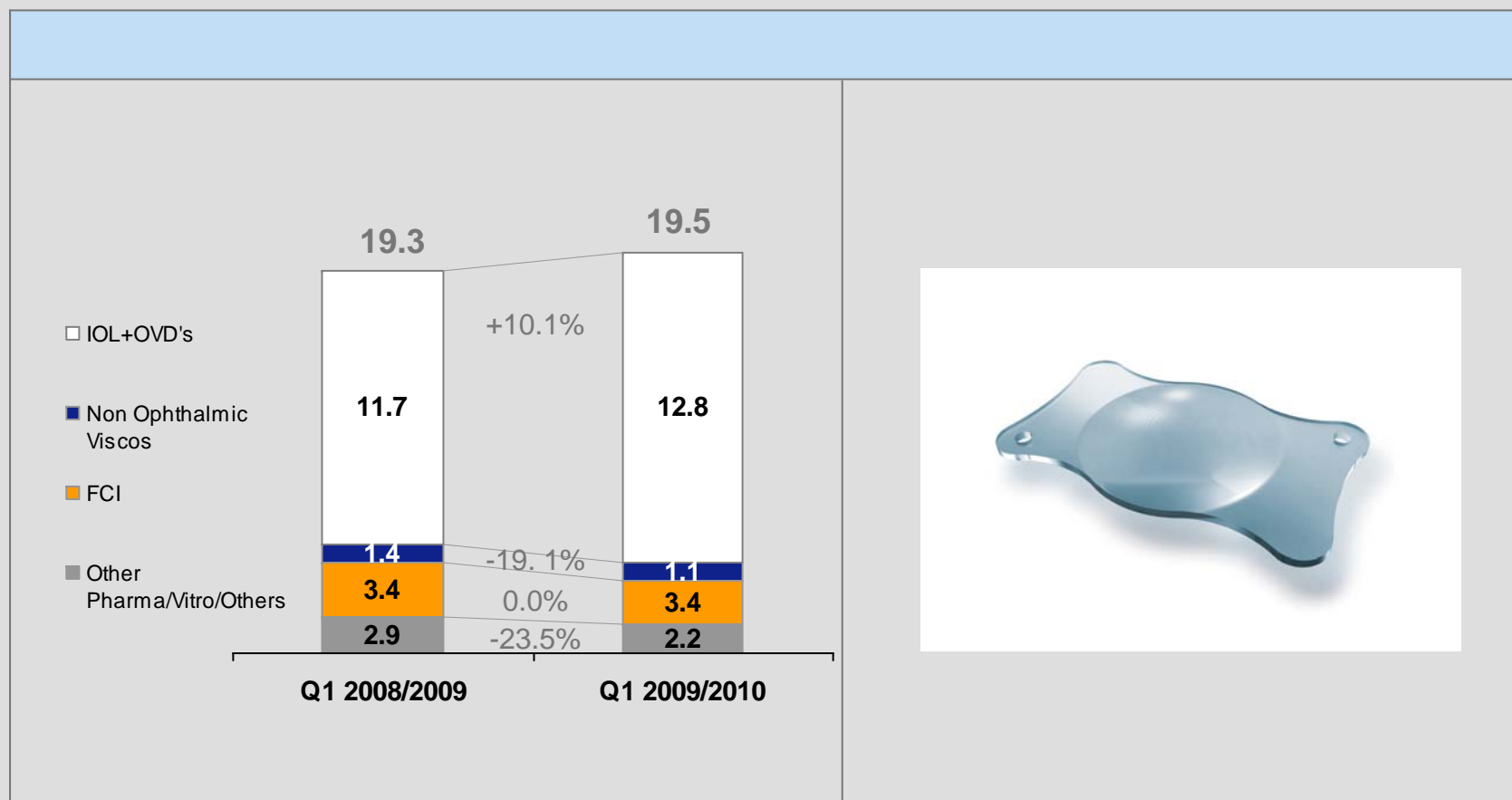


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IOL business with double-digit growth

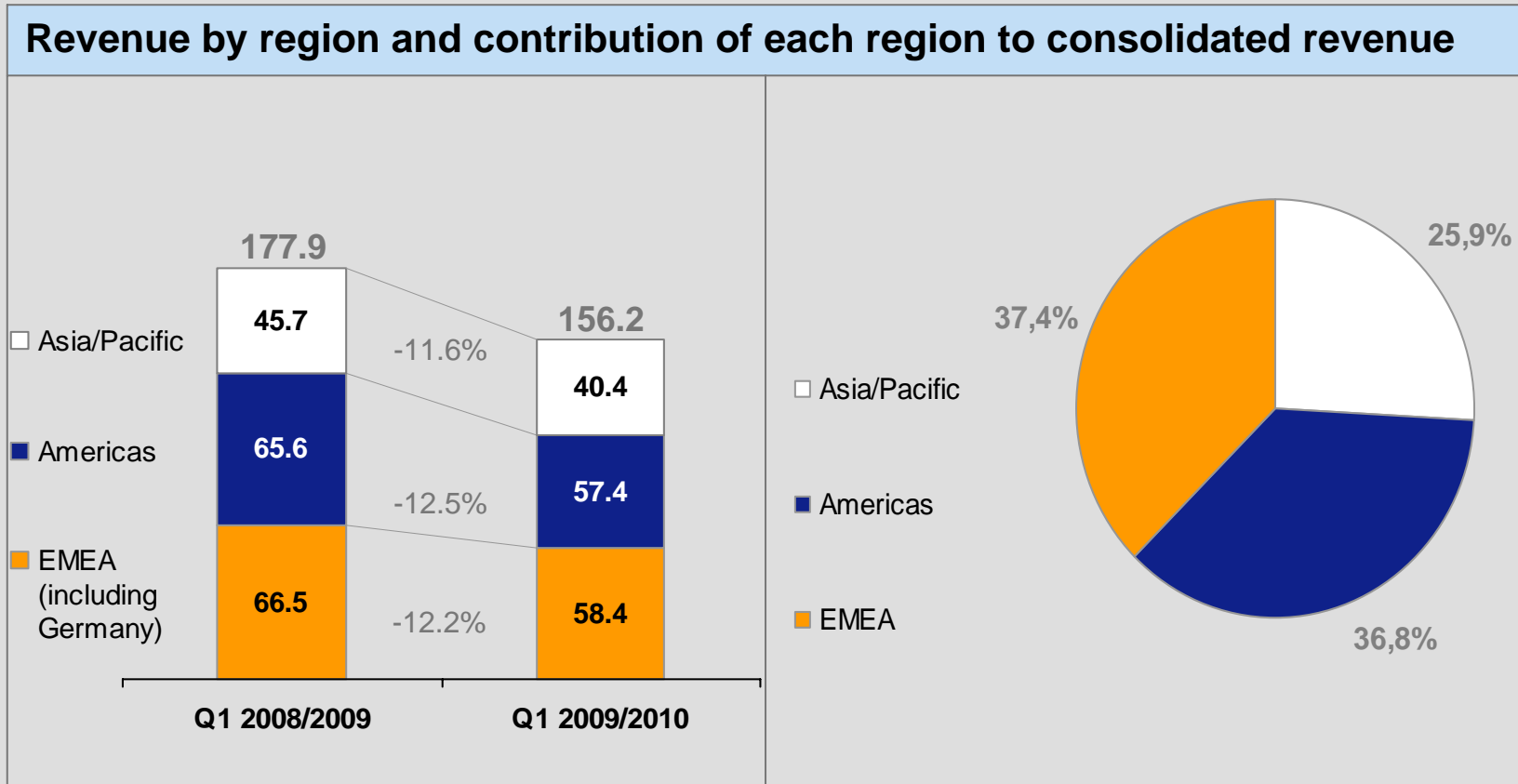


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Approaching 1/3 regional setup, revenue increase in China



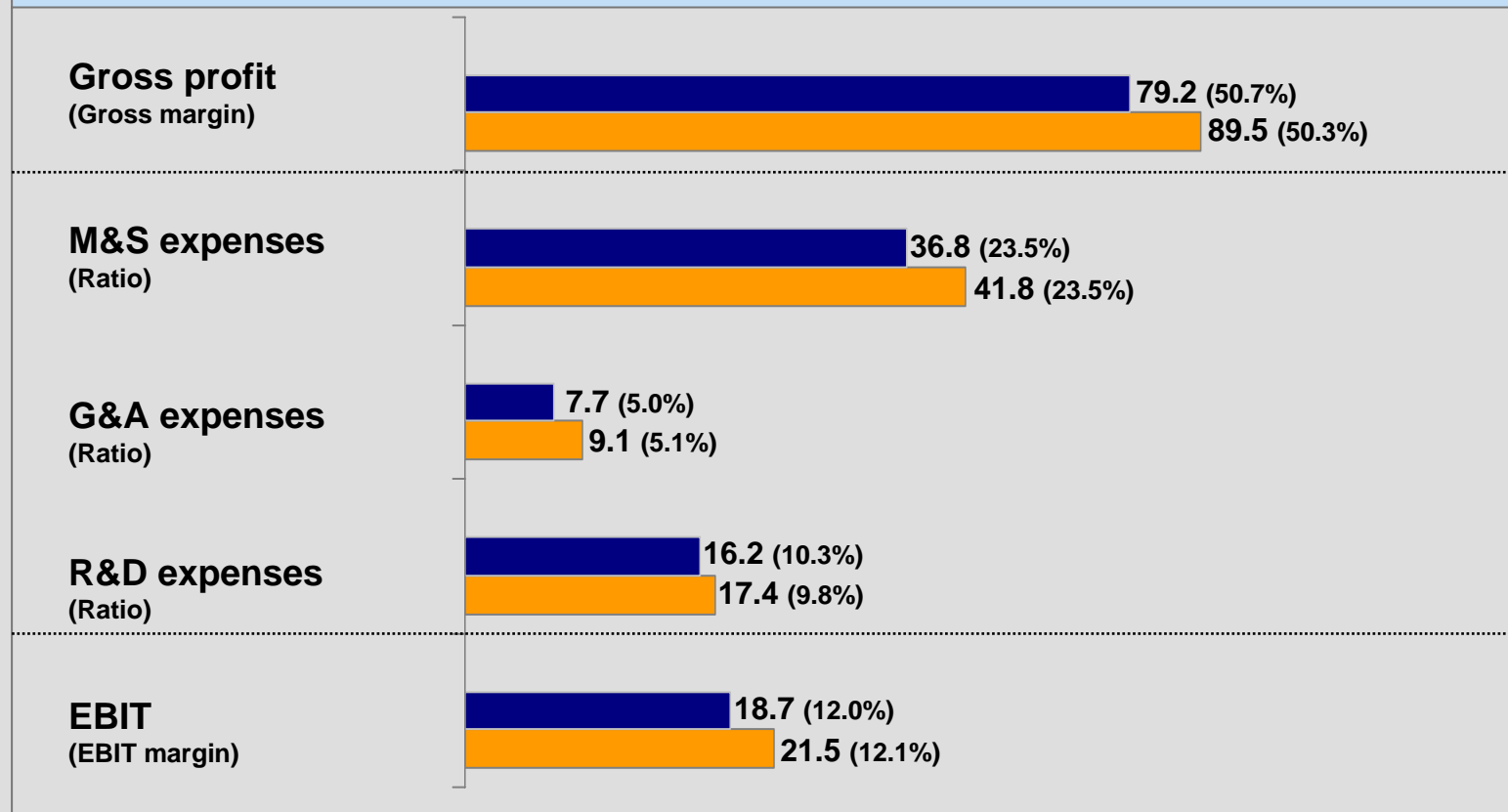
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Improved gross margin and stable expense ratios allow to continue on our growth path



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Development of major items of the income statement



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2008/2009

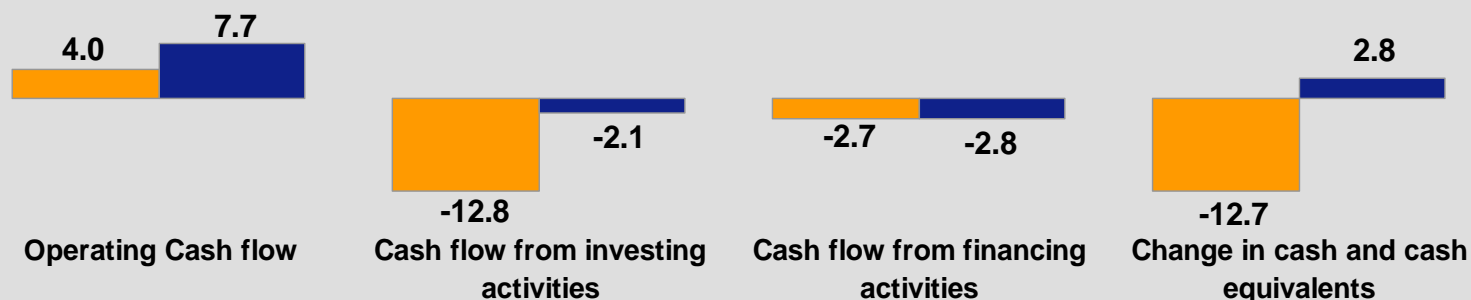
2009/2010

Solid operating Cash flow



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Summary of consolidated cash flow statement (Q1 2008/2009 and Q1 2009/2010)



Main influencing factors

+ Working capital
- Net income

- Acquisition of assets of OEM supplier in Q1 2008/2009

- Repayment of loan
+ Decrease in deposits in CZ treasury

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2008/2009

2009/2010

Healthy financial set up



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Key ratios			
	30/09/2009	31/12/2009	Reasons
Equity ratio	71.6%	73.5%	Positive business development
Net cash <i>(Cash and cash equivalents + Treasury receivables ./ Treasury payables ./ interest-bearing liabilities)</i>	€ 252.0m	€ 257.9m	Positive business development
	Q1 08/09	Q1 09/10	
Days of sales outstanding (DSO)	64.3 days	68.8 days	Increase in outstanding accounts receivables due to strong Q4
Rate of inventory turnover (ITO)	2.9	3.1	Slight increase due to lower inventories



- 1. Key Results Q1 2009/2010**
- 2. Details of business performance**
- 3. Outlook**

Company has sound action plan RACE 2010

We will continue to follow it in 2010



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Rapid Achievement of Company Excellence 2010

Pushing product innovation <i>Measured by e.g. Blockbuster rate per SBU</i>	Improving customer orientation <i>Measured by e.g. net promoter score</i>	Expanding into new markets <i>Measured by e.g. new markets revenue rate</i>
<ul style="list-style-type: none"> ▪ Create new gold standards (blockbusters) ▪ Driving additional growth (service and solution business) 	<ul style="list-style-type: none"> ▪ Designing products to target customer needs ▪ Providing networking, connectivity and service ▪ Driving product portfolio on a better margin mix 	<ul style="list-style-type: none"> ▪ Addressing & leveraging emerging markets (products, supply chain) ▪ Considering external growth opportunities ▪ Secure brand value
Empowering people (e.g. training)		<i>Measured by e.g. mentored employees</i>
Achieving global process excellence		<i>Measured by e.g. Warranty Rate</i>

Our highlights in FY 2009/2010



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▪ Full launch FORUM	October 2009
▪ AT LISA violet light filtering	January 2010
▪ IOL Master 500	January 2010
▪ Lumera 700 – Resight	February 2010
▪ VisuMax “All-in-One” Procedure	April 2010
▪ Launch first product from China production	April 2010
▪ Expected results of clinical trials for IORT	June 2010
▪ Set up Research Application Center in India	September 2010
▪ Expansion Phaco line	September 2010



What we expect for 2010



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Conditions in world financial markets remain challenging

Our prospects and approach:

- Maintaining and expanding our market position, strong focus on emerging markets
- Ongoing investments in R&D and sales
- Company program "RACE 2010"

We are financially and strategically fit:

- Strong balance sheet with significant free cash position
- Strong Cash flow
- Worldwide presence, customer-oriented, broad product portfolio
- Innovation leader with blockbuster projects
- Unique brand equity

FY 2009/2010 outlook:

- Market growth 0-5%/per SBU and region
- Achieve at least market growth
- Keeping EBIT margin at current level and increase it with top line growth

Q+A Session



**Thank you for your interest
in Carl Zeiss Meditec**