

Hear now. And always



# Cochlear Limited 2021 Annual General Meeting

19 October 2021



# Acknowledgement of Country

## Worimi, Welcome.

On behalf of Cochlear, I would like to acknowledge the traditional custodians of the various lands in which we meet [virtually] today and pay respect to all Aboriginal Elders, past and present, and acknowledge today's Aboriginal communities who are the custodians of these lands.



# Board of directors



**Alison Deans**  
Chair



**Dig Howitt**  
CEO & President



**Yasmin Allen**  
Non-executive Director



**Andrew Denver**  
Non-executive Director



**Glen Boreham, AM**  
Non-executive Director



**Prof Bruce Robinson, AC**  
Non-executive Director



**Sir Michael Daniell, KNZM**  
Non-executive Director



**Christine McLoughlin, AM**  
Non-executive Director

# Cochlear's mission

We help people hear and be heard.

We **empower** people to connect with others and live a full life.

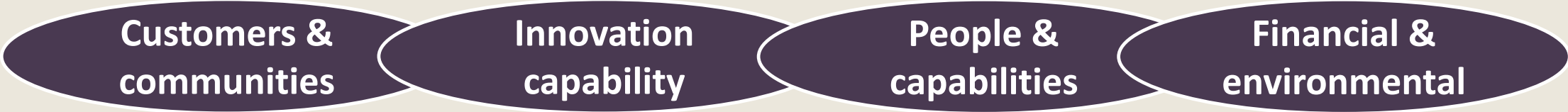
We **transform** the way people understand and treat hearing loss.

We **innovate** and bring to market a range of implantable hearing solutions that deliver a lifetime of hearing outcomes.



# Long-term value creation: the impact we have on all our key stakeholders

Key inputs to creating value



Our strategy



Retain market leadership



Grow the hearing implant market



Deliver consistent revenue and earnings growth

## The value we create, driving success now and into the future



**Societal benefits:**

- ✓ Healthy ageing
- ✓ Education and productivity opportunities
- ✓ Standard treatment pathway for children and adults
- ✓ Appropriate funding for a cost-effective intervention

**Customer benefits:**

- ✓ Positive customer experience
- ✓ Improving quality of life

**Innovation delivers:**

- ✓ Quality and reliability
- ✓ Improving hearing outcomes
- ✓ Connected care solutions
- ✓ Easy to use products
- ✓ Expanding product indications

**People outcomes:**

- ✓ Employee engagement
- ✓ Inclusion and diversity
- ✓ Health and safety

**Financial outcomes:**

- ✓ Consistent financial and environmental performance
- ✓ Disciplined capital management
- ✓ Strong corporate governance
- ✓ Operational improvement
- ✓ Reduced climate impact

# FY21 highlights



## A healthier & more productive society

Transforming the way people understand and treat hearing loss by improving awareness and access.

- WHO's first 'World Report on Hearing'
- Cost-effectiveness studies
- Cochlear implant v hearing aid trial
- Partnership between the Cochlear Foundation and Malala Fund announced in September 2021



**MALALA**  
**FUND**

Cochlear  
**Foundation**

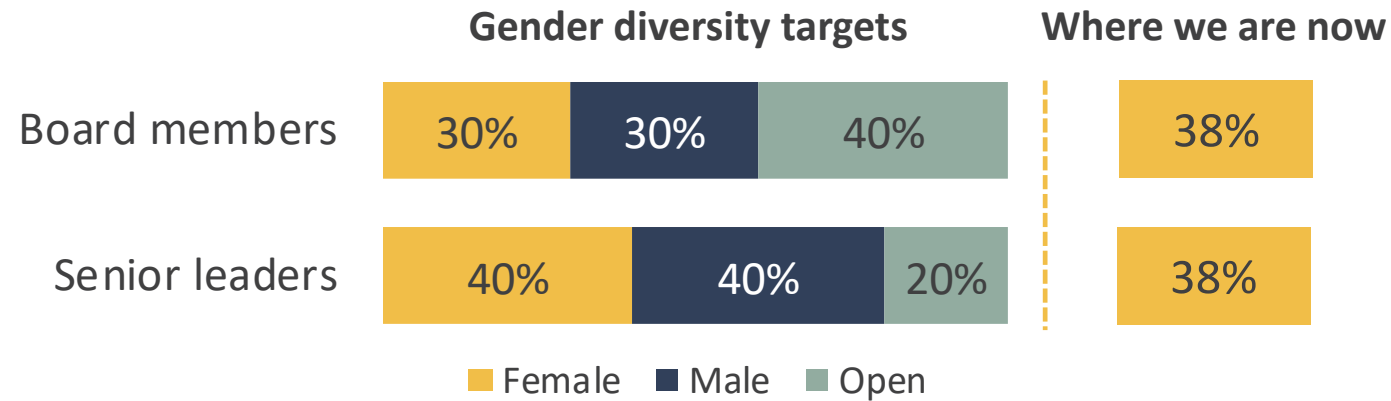
# FY21 highlights



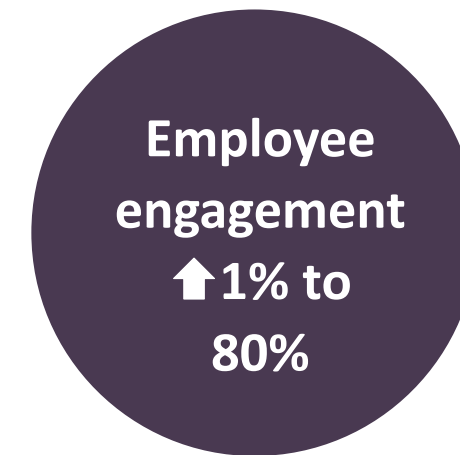
## Thriving people

An engaged, capable and high-performing workforce that delivers on our strategy and supports the creation of sustained value.

### Targeting gender equality



### Growing employee engagement



# FY21 highlights



## A lifetime of hearing solutions

Innovating to build a market-leading portfolio of products and services that provides a lifetime of hearing solutions for recipients.

### Strengthening our market leadership position with new products and services



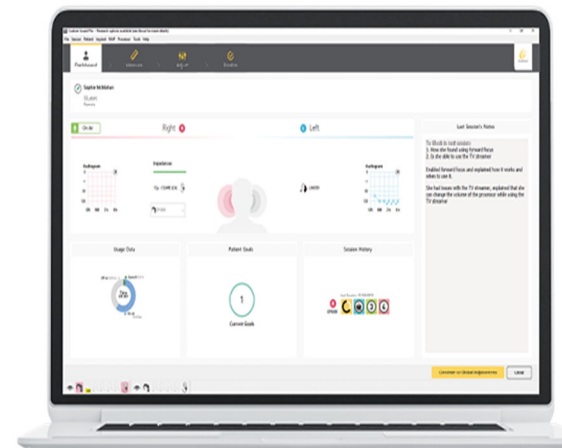
Cochlear™ Osia® 2 System



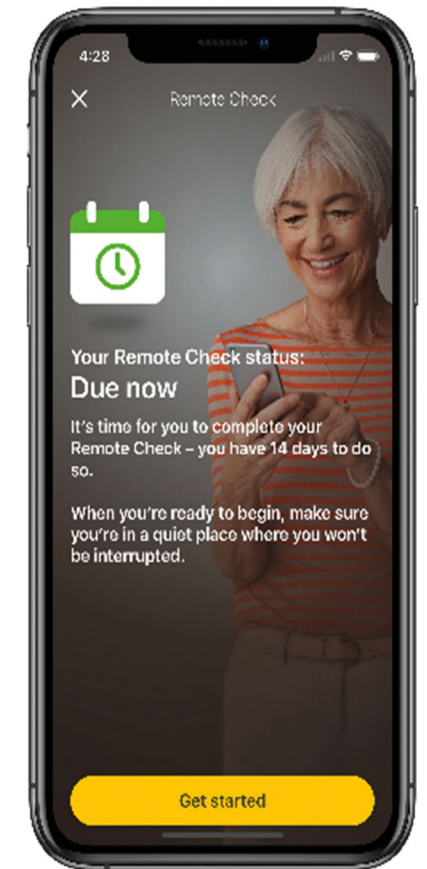
Cochlear™ Nucleus® Profile™ Plus with Slim 20 Electrode



Nucleus® SmartNav System



Custom Sound® Pro fitting software



Remote Check solution for cochlear implants



# FY21 highlights



## Empowered customers

Improving the wellbeing of recipients and providing convenience and confidence to our professional customers.

### Providing the latest technology to our existing customers



Cochlear™ Baha® 6  
Max Sound Processor

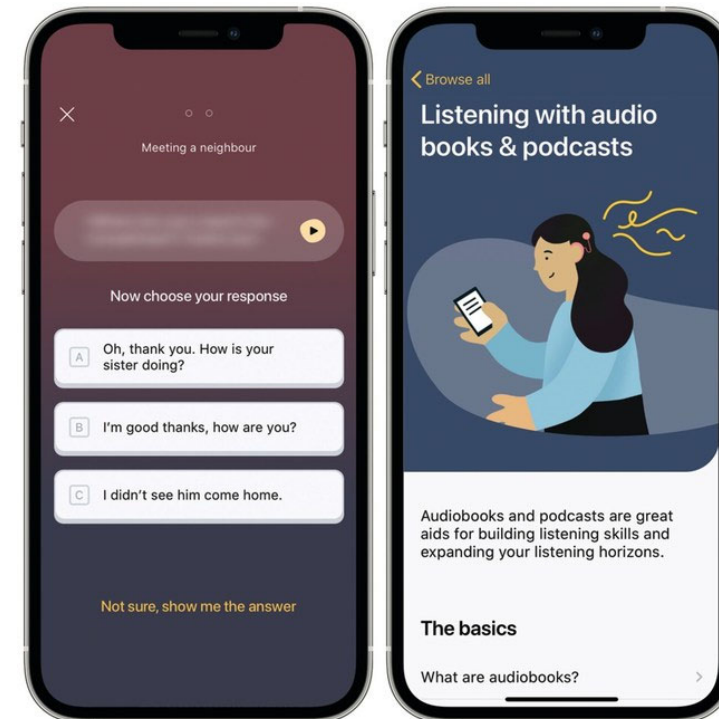


Cochlear™ Nucleus® Kanso® 2  
Sound Processor



Cochlear™ Nucleus® 7  
Sound Processor for  
Nucleus® 22 implant  
recipients

### Improving outcomes through skills training



Cochlear™ CoPilot

# FY21 highlights



## Sustained value

Maximising spending to grow the market and maintain our competitive position. Agile, efficient and environmentally responsible business processes to support our growth ambitions.

### Investing to grow

- Record sales revenue, up 19% in CC
- R&D investment on target @ ~12% of sales revenue
- Increased investment in growth activities

### Strong financial position

- Underlying net profit\* up 54% and within the guidance range
- Strong cash flow generation
- 70% dividend payout

### Operational improvement

- IT systems upgrade to improve agility and customer experience
- Commitment to ~25% reduction in total emissions by FY25

### FY22 outlook

- Net profit guidance up 12-20%\*\* on FY21
- Sales revenue to benefit from market growth and continuing recovery in surgery rates
- Continuing to invest to support long-term growth
- 70% dividend payout on underlying net profit\*

\* Excluding one-off and non-recurring items \*\* Based on FY21 underlying net profit.

# Resolution 1.1



## Financial and other reports

To receive and consider the Company's Financial report, the Directors' report and the Auditor's report in respect of the financial year ended 30 June 2021 and to consider and, if thought fit, to pass the following resolution:

- 1.1 "THAT the Company's Financial report, the Directors' report and the Auditor's report in respect of the financial year ended 30 June 2021 be received."

# Resolution 1.1



## Financial and other reports

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	44,851,817	96.1%
Undirected	252,552	0.5%
Against	1,594,763	3.4%

## Resolution 2.1

### Remuneration report

To consider and, if thought fit, to pass the following non-binding resolution:

- 2.1 “THAT the Company’s Remuneration report in respect of the financial year ended 30 June 2021 be adopted.”

# Resolution 2.1



## Remuneration report

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	44,147,761	95.4%
Undirected	235,920	0.5%
Against	1,904,388	4.1%

# Resolutions 3.1 – 3.3

## Re-election of directors



**Alison Deans**



**Glen Boreham, AM**



**Christine McLoughlin, AM**

# Resolution 3.1

## Re-election of directors – Alison Deans

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

- 3.1 “THAT Ms Alison Deans, being a director who is retiring in accordance with the Company’s Constitution and who, being eligible, offers herself for re-election as a director of the Company, be re-elected as a director of the Company.”





# Resolution 3.1



## Re-election of directors – Alison Deans

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	45,254,965	95.8%
Undirected	235,127	0.5%
Against	1,725,319	3.7%

# Resolution 3.2

## Re-election of directors – Glen Boreham, AM

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

- 3.1 “THAT Mr Glen Boreham, AM, being a director who is retiring in accordance with the Company’s Constitution and who, being eligible, offers himself for re-election as a director of the Company, be re-elected as a director of the Company.”



# Resolution 3.2



## Re-election of directors – Glen Boreham, AM

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	45,266,182	96.1%
Undirected	235,634	0.5%
Against	1,620,135	3.4%

# Resolution 3.3



## Re-election of directors – Christine McLoughlin, AM

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

- 3.1 “THAT Ms Christine McLoughlin, AM, being a director who is retiring in accordance with the Company’s Constitution (this being the first Annual General Meeting of the Company since her appointment by the directors) and who, being eligible, offers herself for election as a director of the Company, be elected as a director of the Company.”



# Resolution 3.3



## Re-election of directors – Christine McLoughlin, AM

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	46,387,939	98.3%
Undirected	235,367	0.5%
Against	589,373	1.2%

# Resolution 4.1



## **Approval of securities to be granted to the CEO & President under the Cochlear Equity Incentive Plan**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

- 5.1 “THAT approval be given for all purposes for the grant to Mr Dig Howitt, the Company’s CEO & President, of options and performance rights under the Cochlear Equity Incentive Plan, calculated in accordance with the formula and on the terms summarised in the Explanatory Notes attached to the Notice of Annual General Meeting.”

# Resolution 4.1



## Approval of securities to be granted to the CEO & President under the Cochlear Equity Incentive Plan

Proxies and direct votes have been received in respect of this resolution as follows:

	No. of shares	%
For	44,598,888	97.5%
Undirected	235,588	0.5%
Against	921,047	2.0%

# Notes



## **Forward looking statements**

Cochlear advises that this document contains forward-looking statements which may be subject to significant uncertainties outside of Cochlear's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements and it is cautioned that undue reliance is not placed on any forward-looking statements.

## **Non-International Financial Reporting Standards (IFRS) financial measures**

Cochlear uses non-IFRS financial measures to assist readers in better understanding Cochlear's financial performance. Cochlear uses three non-IFRS measures in this document: Sales revenue, Underlying net profit and Constant currency. The Directors believe the presentation of these non-IFRS financial measures are useful for the users of this document as it reflects the underlying financial performance of the business. Each of these measures is described below in further detail including reasons why Cochlear believes these measures are of benefit to the reader.

These non-IFRS financial measures have not been subject to review or audit. However, Cochlear's external auditor has separately undertaken a set of procedures to agree the non-IFRS financial measures disclosed to the books and records of the Group.

### **Sales revenue**

Sales revenue is the primary revenue reporting measure used by Cochlear for the purpose of assessing revenue performance of the Consolidated Entity. It represents total revenue excluding foreign exchange contract gains/losses on hedged sales.

### **Underlying net profit**

Underlying net profit allows for comparability of the underlying financial performance by removing one-off and non-recurring items. The determination of items that are considered one-off or non-recurring is made after consideration of their nature and materiality and is applied consistently from period to period. Underlying net profit is used as the basis on which the dividend payout policy is applied. The Financial Review section includes a reconciliation of Underlying net profit (non-IFRS) to Statutory net profit (IFRS) which details each item excluded from Underlying net profit.

### **Constant currency**

Constant currency removes the impact of foreign exchange rate movements to facilitate comparability of operational performance for Cochlear. This is done by converting the prior comparable period net profit of entities in the Group that use currencies other than Australian dollars at the rates that were applicable to the current period (translation currency effect) and by adjusting for current year foreign currency gains and losses (foreign currency effect). The sum of the translation currency effect and foreign currency effect is the amount by which EBIT and net profit is adjusted to calculate the result at constant currency.

**Authorised for lodgement to the ASX by the Board of directors of Cochlear Limited**





**Cochlear**<sup>®</sup>

Hear now. And always

[www.cochlear.com](http://www.cochlear.com)