



**Cochlear Limited**  
**2018 Annual General Meeting**

16 October 2018

*Hear now. And always*



**Cochlear Limited**  
**2018 Annual General Meeting**

**Rick Holliday-Smith** Chairman

*Hear now. And always*



## Board of directors



Rick Holliday-Smith  
Chairman



Dig Howitt  
CEO & President



Prof Ed Byrne, AC  
Director



Yasmin Allen  
Director



Glen Boreham, AM  
Director



Alison Deans  
Director



Donal O'Dwyer  
Director



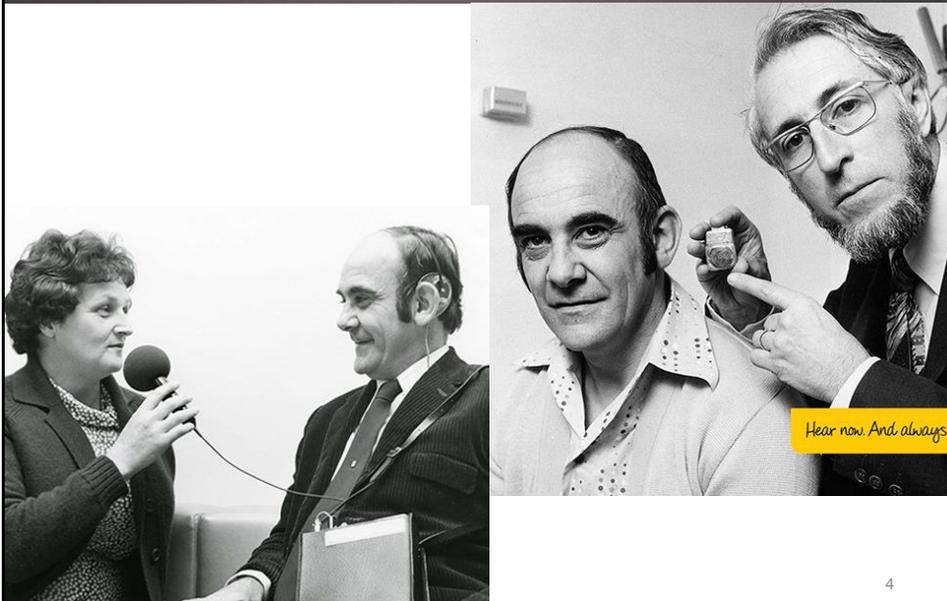
Andy Denver  
Director



Prof Bruce Robinson, AM  
Director

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## 40th anniversary of the first multi-channel cochlear implant surgery



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# Healthy hearing for healthy ageing



## Growing understanding of the link between healthy hearing and healthy ageing

### Cognitive decline

Hearing loss associated with accelerated cognitive decline and dementia in older adults<sup>7</sup>



### Social isolation

Hearing loss linked to withdrawal from social interactions, which can have a significant impact on psychological well-being and physical health<sup>10-14</sup>



### Depression

Significant association between hearing impairment and moderate to severe depression<sup>10-12</sup>



### Ability to work

Hearing loss can affect the ability to work or stay in the workforce<sup>15-17</sup>



### Falls

Higher risk of dizziness causing falling<sup>11</sup>



### Loss of independence

Seniors with hearing loss less likely to be able to self-care<sup>12</sup>



## Cochlear Limited 2018 Annual General Meeting

Dig Howitt CEO & President

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## Our 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.

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## Hearing loss is prevalent and under-treated



**>460 million**

people globally with a disabling hearing loss.<sup>1</sup>



**1 in 3**

people over the age of 65 affected by disabling hearing loss.<sup>2</sup>



**>15,000,000**

people could benefit from a cochlear or bone conduction implant.<sup>3</sup>



**<5%**

market penetration of implantable hearing solutions.<sup>4</sup>

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## Strategic priorities



### Retain market leadership

Market-leading technology | World-class customer experience



### Grow the hearing implant market

Awareness | Market access | Clinical evidence



### Deliver consistent revenue and earnings growth

Invest to grow | Operational improvement | Strong financial position

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## Market-leading products driving demand



Cochlear™ Nucleus® Profile with Slim Modiolar Electrode (CI532)



Cochlear™ Nucleus® Kanso® Sound Processor (CP950)



Cochlear™ Nucleus® 7 Sound Processor (CP1000)



Cochlear™ Nucleus® Smart App



Cochlear™ Baha® 5, Baha 5 Power and Baha 5 SuperPower



Cochlear™ Baha® SoundArc



Cochlear™ Baha® Smart App



Cochlear™ Carina® System

## Grow the hearing implant market



Strategies to improve awareness and access vary by segment

### Adults and seniors developed markets



Biggest market potential and the most challenging to penetrate

Current penetration<sup>o</sup>: ~3%

### Children developed markets



Cochlear implants have been established as the standard of care for newborns<sup>o</sup> across many developed markets

Current penetration<sup>o</sup>: ~60%

### Children emerging markets



Long term growth potential as wealth increases

Current penetration<sup>o</sup>: ~10%

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## Adults and seniors – developed markets



**Biggest market potential and the most challenging to penetrate**



Current penetration  
**~3%**

### Key priorities: building awareness and access for adults and seniors

- Support cochlear implants becoming the standard of care for adults and seniors with severe to profound hearing loss by demonstrating
  - Hearing is an essential part of healthy ageing
  - Effectiveness of implantable solutions relative to hearing aids
  - Treating age related hearing loss creates economic value
- Increase referrals via direct-to-consumer marketing activities and through the hearing aid channel
- Expand indications and reimbursement in some markets

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## Cochlear Limited 2018 Annual General Meeting

Stu Sayers President, Services

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## Services strategy – growing advocacy through improved experience



Engage with more recipients



+

World Class customer experiences



➔

- More active volunteers/advocates
- Increased customer satisfaction
- Greater uptake of new technologies

## Celebration



## Indian 'Hear the Customer' meetings



## World class customer experience



**Marsha Cooke Mundy**

August 26 at 9:45 AM

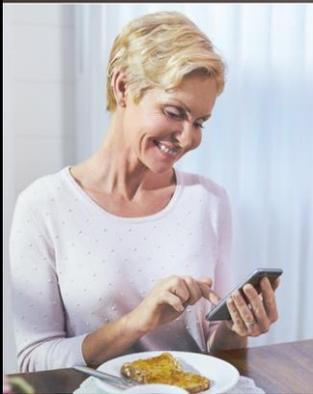
I left my remote on the table in ponderosa yesterday. My husband got a call from cochlear to let him know the restaurant had it. They called cochlear, gave them the serial number and cochlear tracked us down. That is remarkable customer service from both parties!

👍❤️👏 141

9 Comments

👍 Like

💬 Comment



## Cochlear Limited 2018 Annual General Meeting

Rick Holliday-Smith Chairman

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## 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 2018 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 2018 be received."

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## 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	37,251,451	98.9
Undirected	262,517	0.7
Against	152,298	0.4

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## 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 2018 be adopted.”

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## Resolution 2.1



### Remuneration Report

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

	No. of shares	%
For	37,639,791	97.8
Undirected	262,783	0.7
Against	595,741	1.5

22

## Resolution 3.1



### Re-election of directors – Alison Deans

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.”



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## 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	38,289,357	97.9
Undirected	264,392	0.7
Against	566,361	1.4

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## Resolution 3.2



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

3.2 “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.”



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## 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	38,194,285	97.6
Undirected	262,892	0.7
Against	661,043	1.7

26

## Resolution 4.1



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

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

4.1 "THAT approval be given to:

- a) the grant to Mr Dig Howitt, the Company's CEO & President, of options and performance rights under the Cochlear Executive 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; and
- b) the transfer to Mr Howitt of existing shares upon the exercise of any options and/or performance rights granted to Mr Howitt pursuant to (a) above."

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## Resolution 4.1



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

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

	No. of shares	%
For	37,732,948	98.0
Undirected	258,122	0.7
Against	525,341	1.3

28

## Resolution 5.1



### Renewal of proportional takeover provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

5.1 "THAT the Company renew the proportional takeover provisions contained in Article 7.7 and Schedule 1 of the Company's Constitution for a period of three (3) years from and including the date of this resolution."

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## Resolution 5.1



### Renewal of proportional takeover provisions

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

	No. of shares	%
For	38,591,832	98.7
Undirected	262,892	0.7
Against	252,970	0.6

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# Cochlear Limited 2018 Annual General Meeting

16 October 2018

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## 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 not be placed on any forward looking statement.

### Non-IFRS financial measures

Given the significance of exchange rate movements, the directors believe the presentation of the non-IFRS financial measure, constant currency, is useful for the users of this document as it reflects the underlying financial performance of the business. This non-IFRS financial measure has not been subject to review or audit. However, KPMG has separately undertaken a set of procedures to agree the non-IFRS financial measures disclosed to the books and records of the group.

### 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 reported EBIT and net profit is adjusted to calculate the result at constant currency.

## References



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5. Year 2007 position statement: Principles and guidelines for early hearing detection and intervention programs. Pediatrics 2007;120:898-921; World Health Organization. Newborn and infant hearing screening: current issues and guiding principles for action 2009. Available from: [http://www.who.int/blindness/publications/Newborn\\_and\\_Infant\\_Hearing\\_Screening\\_Report.pdf](http://www.who.int/blindness/publications/Newborn_and_Infant_Hearing_Screening_Report.pdf)
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17. Nachtegaal J, Kuik D, Anema J, Goverts S, Festen J, Kramer S. Hearing status, need for recovery after work, and psychosocial work characteristics: Results from an internet-based national survey on hearing. International Journal Of Audiology [serial on the Internet]. (2009, Oct), [cited July 3, 2018]; 48(10): 684-691.