

**ASX / MEDIA RELEASE**

**28 APRIL 2016**

**COCHLEAR HOSTS INVESTOR DAY**

Cochlear Limited, Sydney, 28 April 2016 (ASX:COH): Cochlear Limited is today hosting analysts to an investor day at its global headquarters in Macquarie University. Attached is a copy of the management presentations that will be made on the day.

For further information, please contact:

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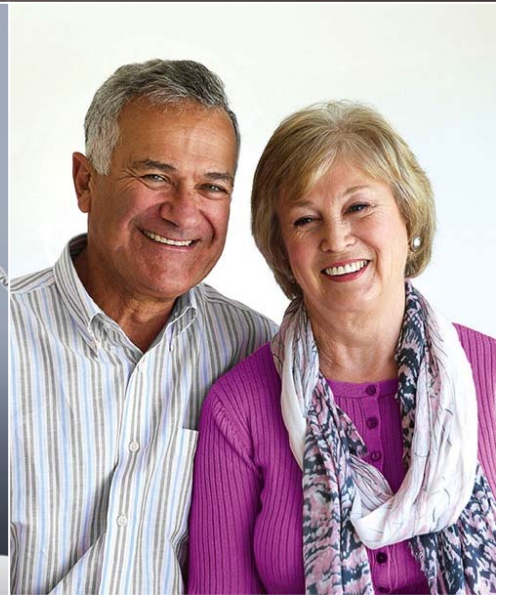
# Cochlear Investor Day

28 April 2016



## Agenda

8.30 – 8.50am	Welcome & overview of day Review of strategic priorities	Chris Smith CEO & President
8.50 – 9.45am	R&D and product portfolio	Jan Janssen SVP Design & Development, Clinical & Regulatory
9.45 – 10.00am	Morning Tea	
10.00 – 10.45am	Asia Pacific strategy – Australia & China	Dig Howitt President, Asia Pacific
10.45 – 11.15am	US direct-to-consumer marketing	Patricia Trautwein VP, Marketing – North America
11.15 – 11.45am	US recipient services	Rene' Courtney VP, Customer Experience & Recipient Services –Cochlear Americas
11.45 – 12.00pm	Wrap up and final formal Q&A	Chris Smith & Neville Mitchell – CFO
12.00 – 1.30pm	Tour – manufacturing & hearing hub	
1.30 – 2.20pm	Lunch	
2.30pm	Bus departs for Sydney CBD	



# 2016 Investor Day

28 April 2016

## Strategic Priorities

**Chris Smith**

**CEO & President**

*Hear now. And always*



## Cochlear's leadership team



**Chris Smith**  
CEO/President



**Neville Mitchell**  
Chief Financial Officer and  
Company Secretary



**Tony Manna**  
President, North America



**Richard Brook**  
President, European Region



**Dig Howitt**  
President, Asia Pacific Region



**Rom Mendel**  
General Manager, Cochlear  
Bone Anchored Solutions



**Jan Janssen**  
Senior Vice President, Design  
and Development



**Amanda Lampe**  
Senior Vice President Global  
Marketing and Corporate Affairs



**Katharine McLennan**  
Senior Vice President  
People & Culture



**David Morris**  
Chief Strategy Officer



**Jim Patrick**  
Senior Vice President, Chief Scientist



**Greg Bodkin**  
Senior Vice President,  
Manufacturing & Logistics



**David Hackshall**  
Chief Information Officer



**Amanda Lampe**  
Senior Vice President Global  
Marketing and Corporate Affairs



**Katharine McLennan**  
Senior Vice President  
People & Culture



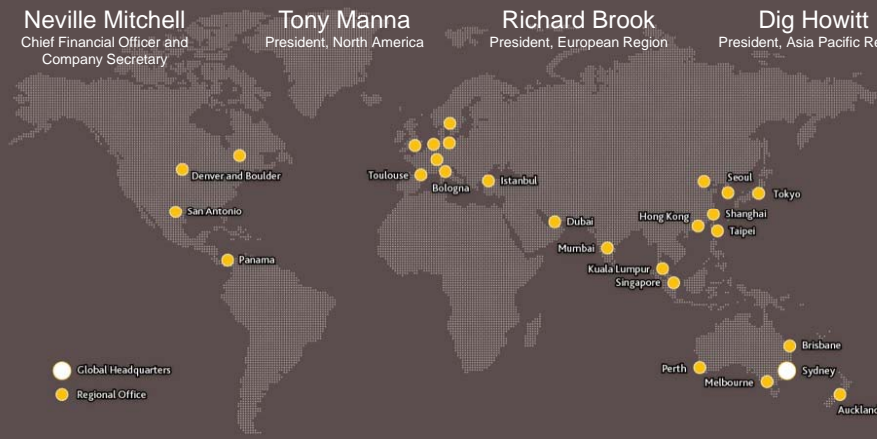
**David Morris**  
Chief Strategy Officer



**Jim Patrick**  
Senior Vice President, Chief Scientist



**Lisa Emerson**  
Vice President, Quality





# Agenda



Introduction & Strategic priorities	Chris Smith – CEO & President
R&D & review of product portfolio	Jan Janssen – SVP Design & Development, Clinical & Regulatory
APAC strategy - Australia and China	Dig Howitt – President, Asia Pacific
Break	
US Direct-to-consumer	Patricia Trautwein – VP, Marketing – Cochlear Americas
US recipient services	Rene' Courtney – VP, Customer Experience & Recipient Services – Cochlear Americas
Wrap up and Q&A	Chris Smith – CEO & President Neville Mitchell – CFO
Tour – manufacturing & hearing hub	
Lunch	

## Overview



- Cochlear Limited (ASX:COH) is the global leader in implantable hearing devices
  - Cochlear implants
  - Bone conduction implants
  - Acoustic implants
- ~ 2,800 employees
- Direct operations in 20+ countries
- Products sold in 100+ countries



# 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.



## Hearing Loss: Market Opportunity

# 360,000,000

Over 5% of the world's population - 360 million people - has disabling hearing\* loss (328 million adults and 32 million children).<sup>1</sup>

# 1 in 3



Nearly 1 out of every 3 people over the age of 65 are affected by hearing loss. It affects communication and can contribute to social isolation, anxiety, depression and cognitive decline.<sup>2</sup>

# <5%

Market penetration<sup>3</sup>

1. Who.int. WHO | Deafness and hearing loss [Internet]. 2015

2. Who.int. WHO | 10 facts on deafness [Internet]. 2015.

3. Market penetration. This figure is a global estimate based on Cochlear sourced data.

\* Disabling hearing loss refers to hearing loss greater than 40 decibels (dB) in the better hearing ear in adults and a hearing loss greater than 30 dB in the better hearing ear in children.

# Strategic Platforms



## Focus on the Customer



**Grow the Core**



**Build a Service Business**



**Shape the Organisation**



**Value Creation**



## 1. Grow the Core

- Innovative technology
- Increased awareness
- Improved access
- Business model innovation

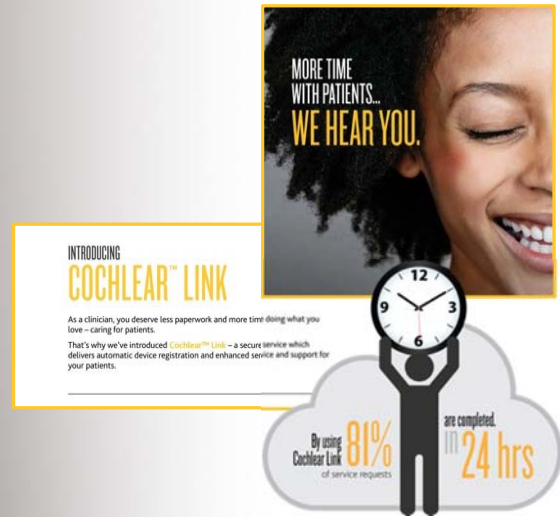






## 2. Build a Service Business

- Recipient engagement
- Connectivity; both Recipient and Clinics
- Optimise upgrades
- Enhanced digital services



**INTRODUCING COCHLEAR™ LINK**

As a clinician, you deserve less paperwork and more time doing what you love – caring for patients.

That's why we've introduced Cochlear™ Link – a secure service which delivers automatic device registration and enhanced service and support for your patients.

By using Cochlear Link 81% of service requests are completed in 24 hrs



## 3. Shape the Organisation

- Globally integrate enabling activities
- Targeted field expansion
- Deep market penetration
  - China and emerging markets
- Building capabilities



Malaysia Operations



## 4. Value Creation

- Partnerships/Alliances
- Drive global efficiency and effectiveness
- Focus



## FY16 Financial Outlook

**Re-iterate full year net profit guidance range of \$180-190m, up 23-30% on FY15**

- Full year forecast assumes a weighted average rate of 74c USD/AUD FX rate (72c as at Feb16 result)





## 2016 Investor Day

28 April 2016

### Cochlear Research & Development

**Jan Janssen**

SVP Design & Development,  
Clinical and Regulatory

*Hear now. And always*



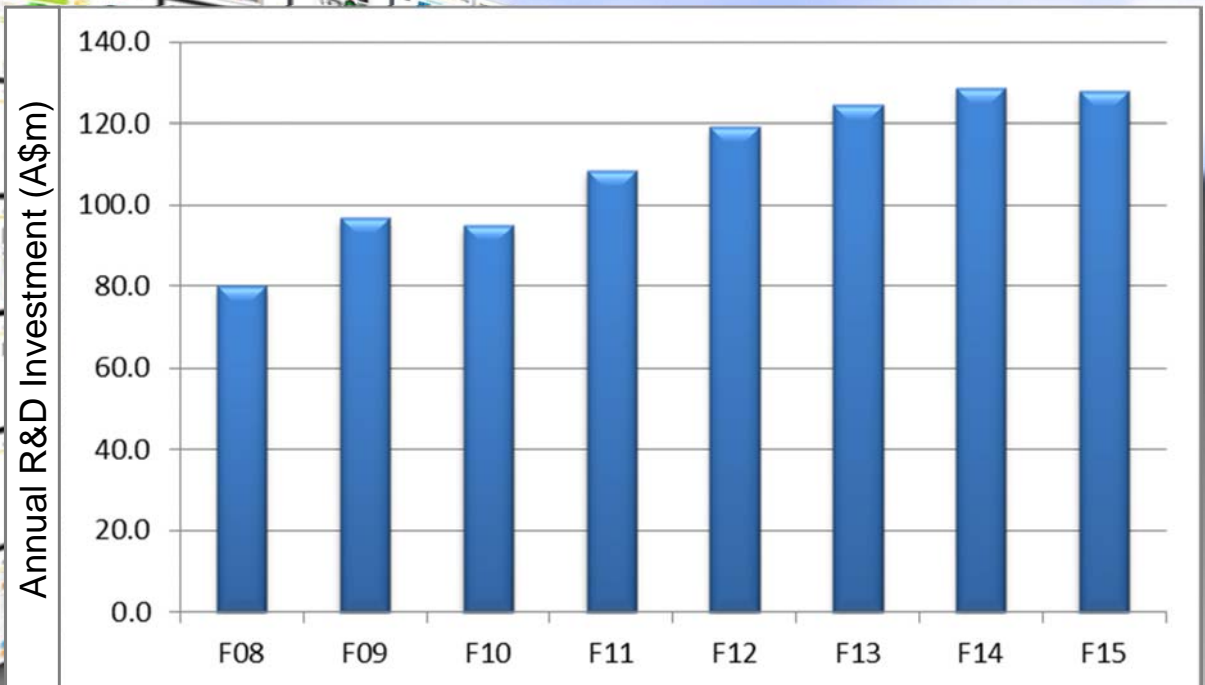
## Overview



- 1. Introduction** to R&D at Cochlear
- 2. Why** does Cochlear invest in R&D?
  - The role of Research & Development @ Cochlear
- 3. What** has R&D delivered for Cochlear?
  - Overview of current product portfolio
- 4. Future** technology Directions
  - Insight in the Cochlear technology pipeline

# Cochlear's R&D Commitment

In FY15 Cochlear invested ~A\$130m in Research & Development (including Clinical, Regulatory and Quality)



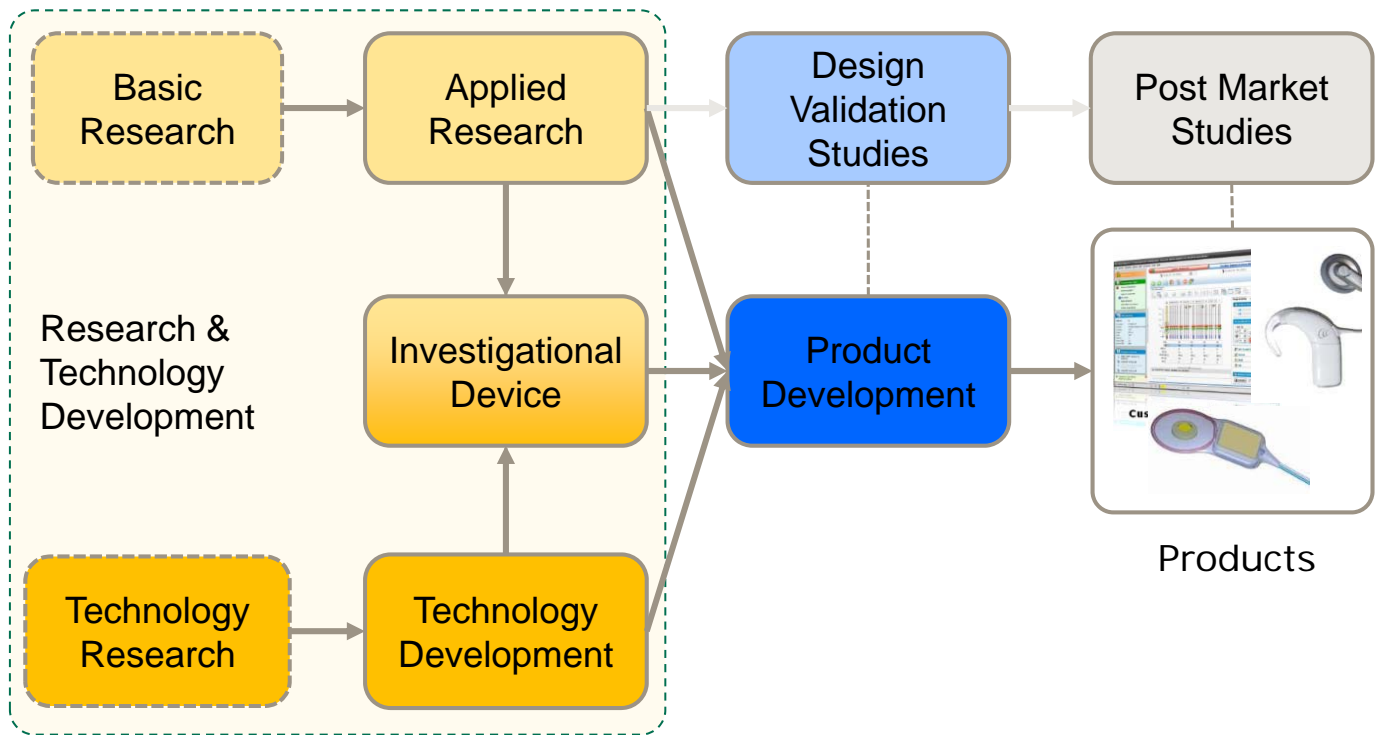
## Global Innovation Network

- Over 350 R&D staff in international locations
- Main R&D site co-located with Australian Hearing Hub
- Over 100 Research Partners in 20 countries
- Global network of Design Partners and Suppliers





# Research & Development at Cochlear



## Why does Cochlear invest in R&D?

The role of Research & Development @ Cochlear

Hear now. And always





# Role of Product Innovation at Cochlear



1. **Maintain** “Technology Leadership” to support Cochlear’s market leadership – with focus to lead in areas that are most valuable to our customers and professionals
2. **Grow** the Implantable Hearing Solutions (“Core”) market by
  - removing barriers to growth (e.g. fear to lose residual hearing, variability of outcomes)
  - creating opportunities for growth (e.g. expanded indications)
3. **Create** opportunities for future business (Horizon 2 & 3) by leveraging R&D capabilities outside the current core

# Role of Product Innovation at Cochlear

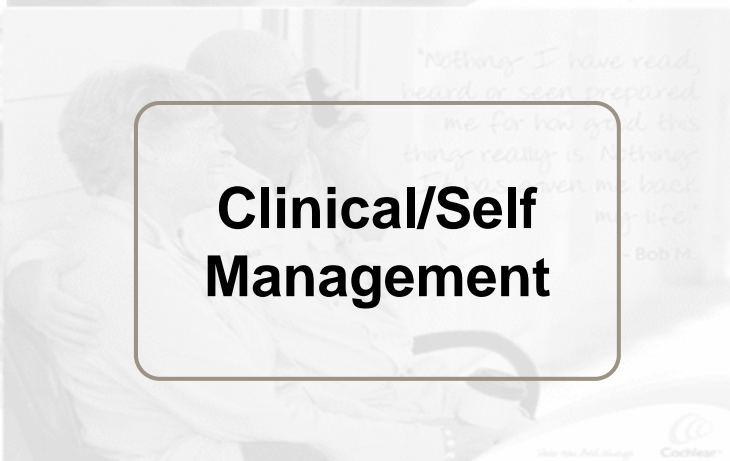
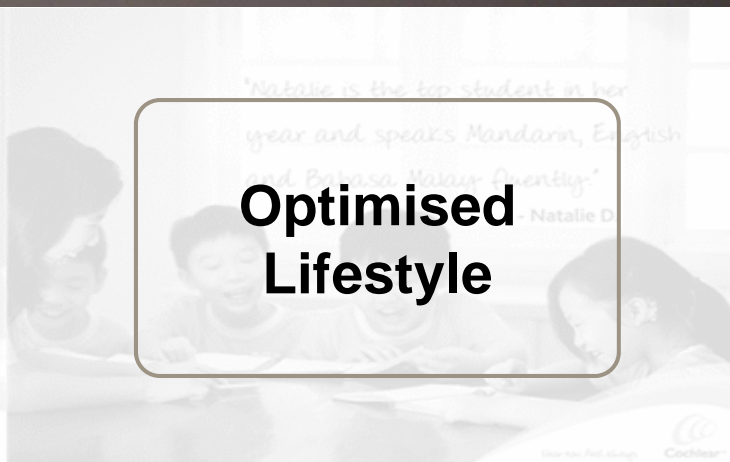
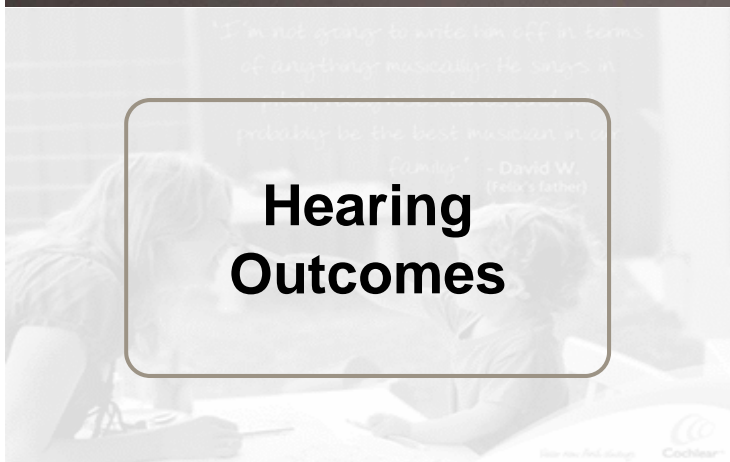


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# Life-changing outcomes for Cochlear's customers across all age groups



## Life-changing outcomes ... and remaining challenges



# Role of Product Innovation at Cochlear



1. **Maintain** “Technology Leadership” to support Cochlear’s market leadership – with focus to lead in areas that are most valuable to our customers and professionals

Horizon 1  
R&D

0 ... 3 year

Horizon 2  
R&D

3 ... 7 year

Horizon 3  
R&D

7+ year

The combination of very high quality level expectations, the need to use cutting edge technology to meet customer’s needs and the stringent regulatory environment for “Active Implantable Medical Devices” can lead to substantial development timelines and requires long-term planning

# Role of Product Innovation at Cochlear



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# Role of Product Innovation at Cochlear: Eliminate and reduce hurdles



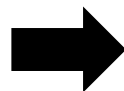
- Fear of surgery
- Loss of residual hearing
- Variability of outcomes
- Size and Aesthetics
- Complexity of the intervention
- Cost of the intervention



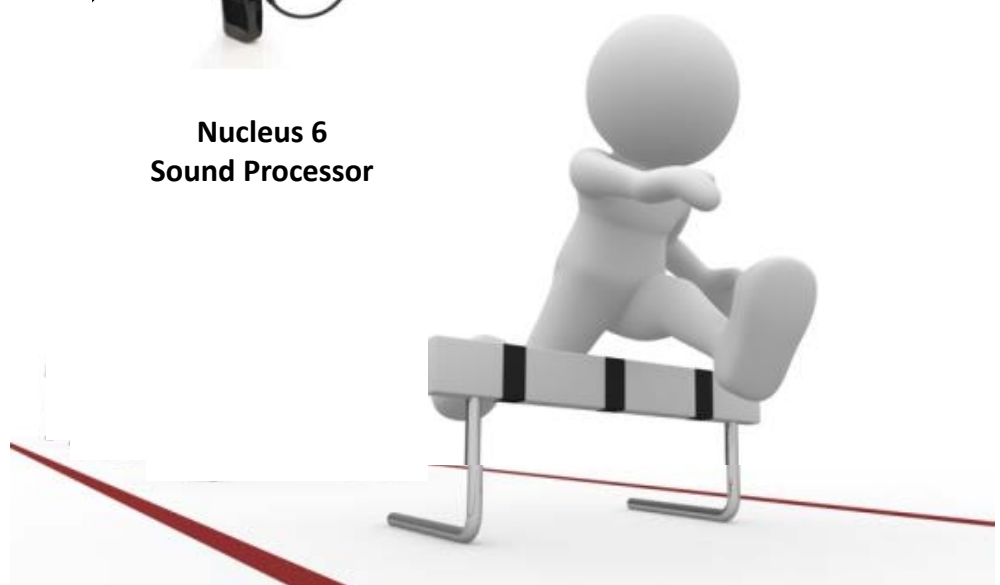
# Role of Product Innovation at Cochlear: Eliminate and reduce hurdles



**Sprint**  
Sound Processor



**Nucleus 6**  
Sound Processor



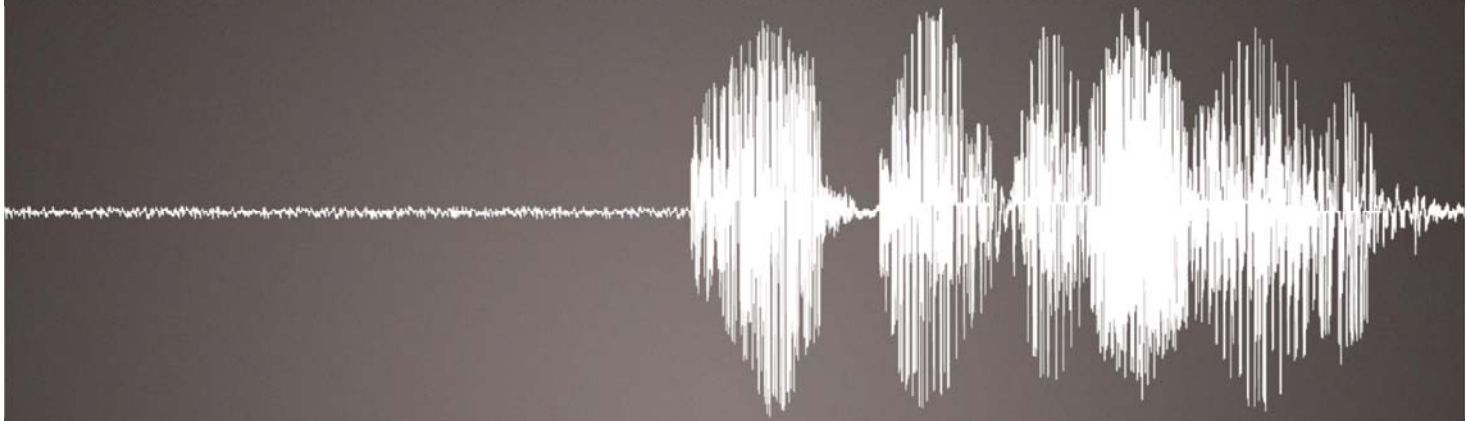
# Role of Product Innovation @ Cochlear



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# Role of Product Innovation @ Cochlear





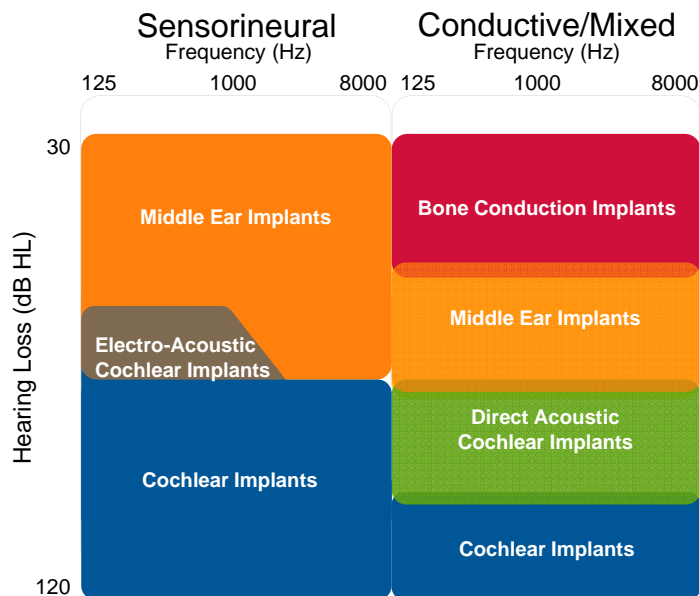
# What has R&D delivered for Cochlear?

Overview of current product portfolio

*Hear now. And always*



## Cochlear's Implantable Hearing Solutions



**Nucleus® Systems**  
with Hybrid Mode



**Baha® Systems**



**MET® & Carina® Systems**



**Codacs™ System**



# State-of-the-Art Cochlear Implant portfolio



CI512 - Nucleus Profile with Contour Advance electrode

- Thinnest cochlear implant on the market
- Most reliable implant
- Cochlear's implants are available with a range of electrode arrays:
  - Contour Advance – peri-modiolar electrode for precise stimulation of the hearing nerve
  - Slim Straight – thin, atraumatic lateral wall electrode
  - Hybrid-L – hearing preservation electrode
  - Auditory Brainstem Implant electrode

# State-of-the-Art Cochlear Implant portfolio



CI512 - Nucleus Profile with Contour Advance electrode



CP920/910 - Nucleus 6 Sound Processors



N6 with Acoustic Component for Hybrid Hearing

- Smallest Sound Processor
- **SmartSound iQ with SCAN technology**
- **True Wireless 2.4 GHz**
- Hybrid option
- Advanced data logging

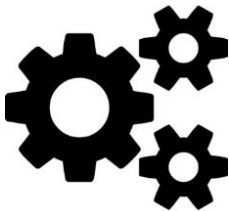
# Nucleus 6 – New benchmark for Hearing in the Real World



Customer Insights

Market research: key customer needs relate to the need to hear well in the real world:

- Understand people in background noise: classroom, restaurant, ...
- Have a conversation on the phone
- Hear people at a distance (meeting, classroom)
- Avoid uncomfortably loud sounds
- Hear outside when it's windy
- Watch television without missing words
- Minimise investment in "Assistive Listening Devices"

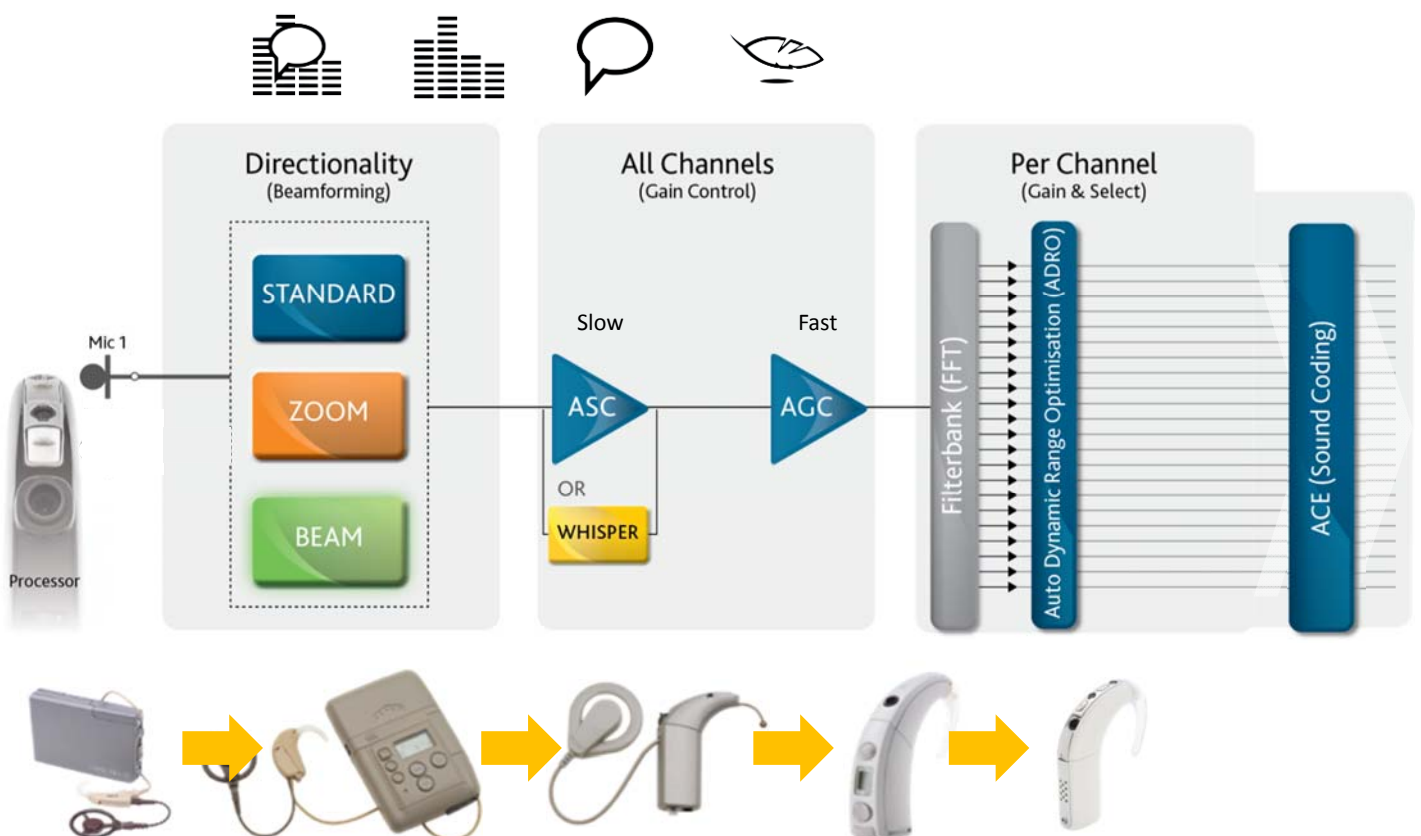


Technology

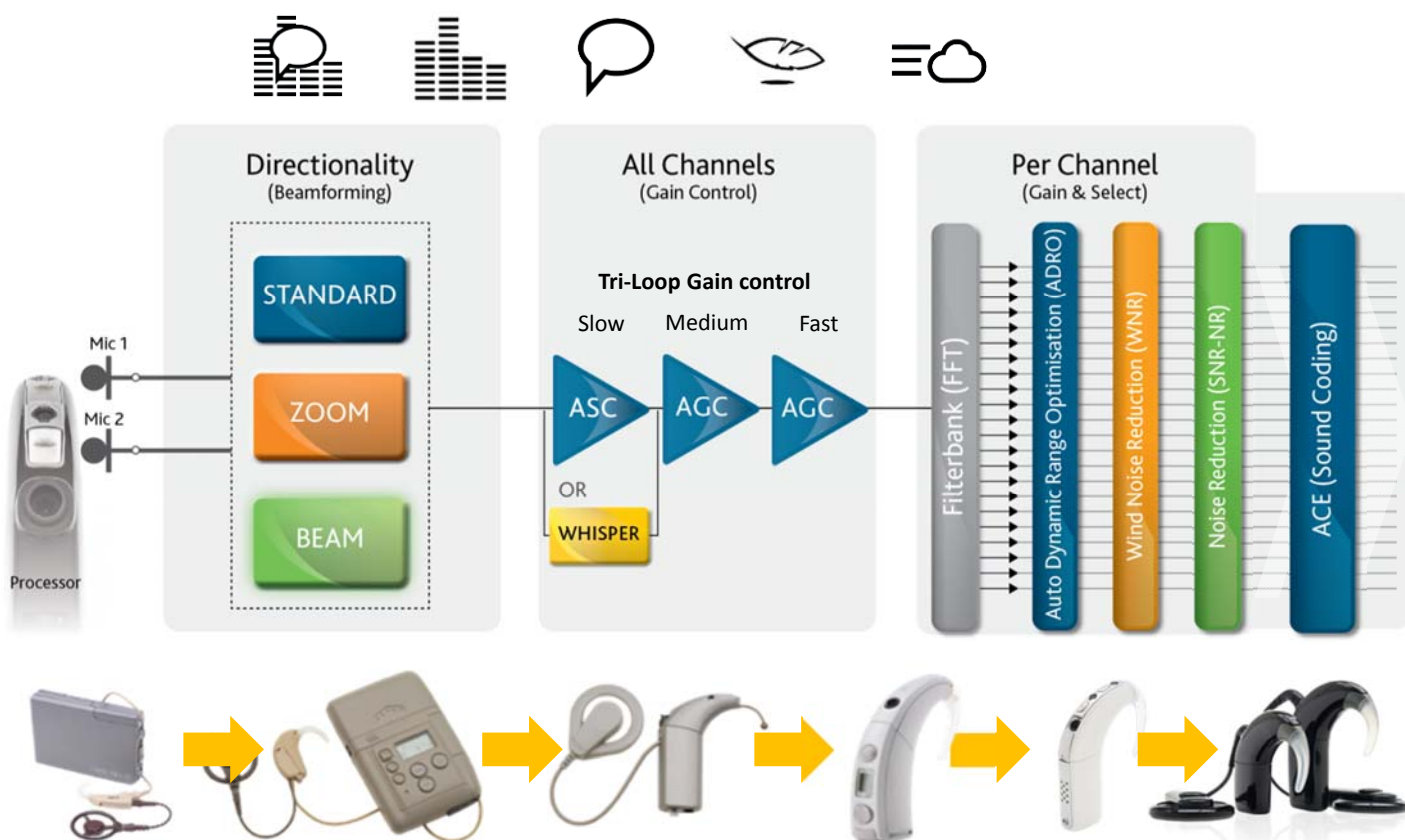
Nucleus 6 addresses these needs with two unique solutions and set the new benchmark for hearing in the real world:

1. SmartSound iQ with SCAN
2. True Wireless

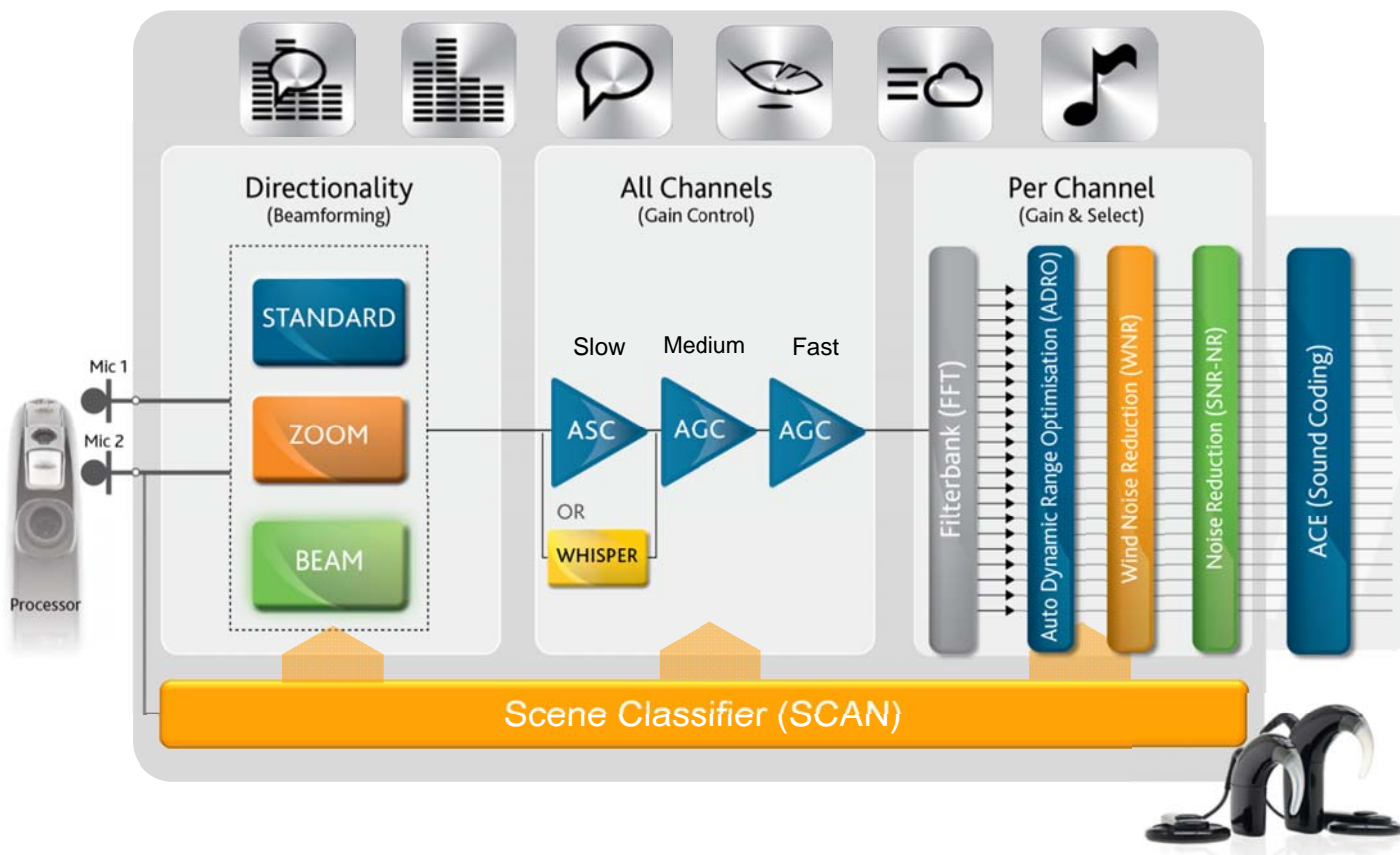
## Step-by-step improvement of hearing in the real world with pre-processing technology



# Nucleus 6 includes a full suite of pre-processing technologies



# Automation of pre-processing in Nucleus 6: breakthrough in hearing performance

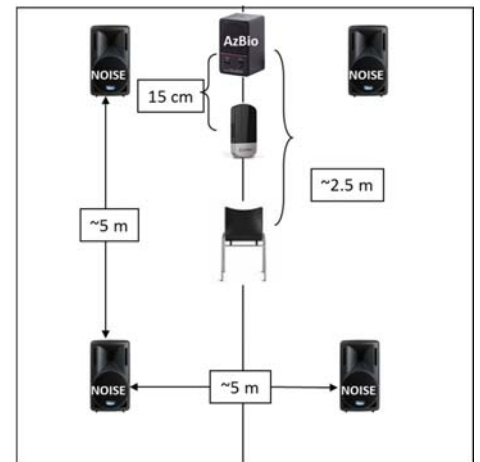
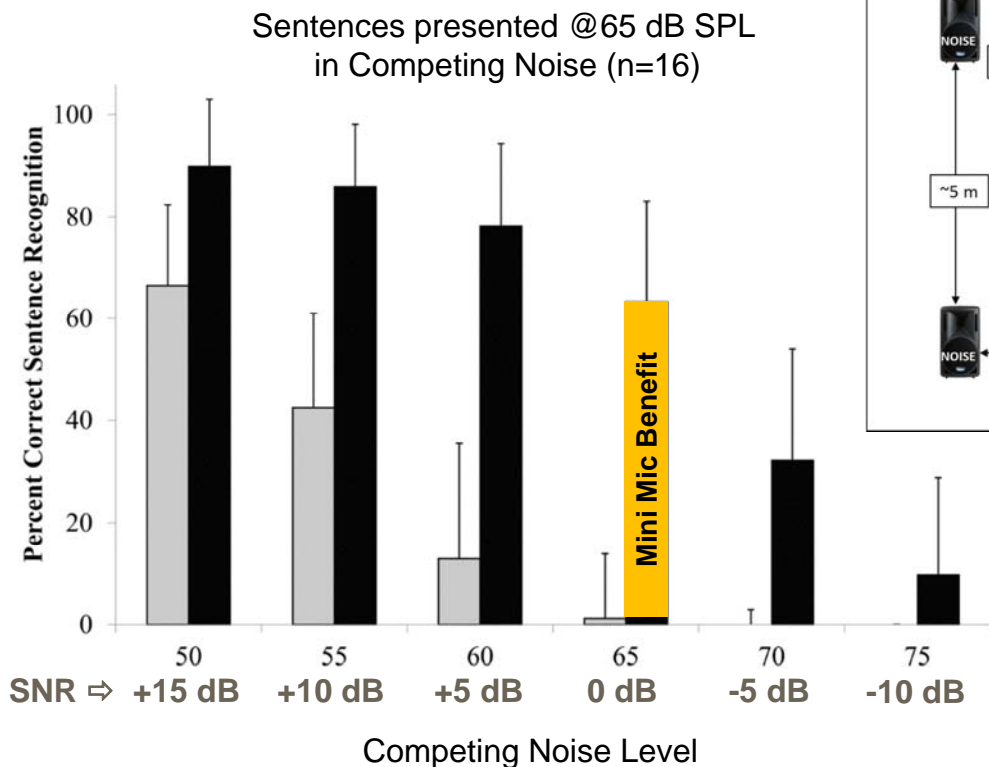




# Nucleus 6 True Wireless technology – state-of-the art wireless audio streaming



# Nucleus 6 True Wireless technology enables large improvement in noisy situations



□ Nucleus 6 Alone  
 ■ Nucleus 6/Mini Mic



# State-of-the-Art Cochlear Implant portfolio



CI512 - Nucleus Profile with Contour Advance electrode



CP920/910 - Nucleus 6 Sound Processors



N6 with Acoustic Component for Hybrid Hearing



Phone Clip



Mini Mic



TV Streamer



Nucleus 6 Remote Control



Aqua+ accessory

- Smallest Sound Processor
- SmartSound iQ with SCAN technology
- True Wireless 2.4 GHz
- Hybrid option
- Advanced data logging

- True Wireless 2.4 GHz accessories: Phone Clip, Mini Mic and TV Streamer

- Remote Control
- Remote Assistant
- Aqua+ swim accessory

# State-of-the-Art Cochlear Implant portfolio



CI512 - Nucleus Profile with Contour Advance electrode



CP920/910 - Nucleus 6 Sound Processors



N6 with Acoustic Component for Hybrid Hearing



Phone Clip



Mini Mic



TV Streamer



Nucleus 6 Remote Control



Aqua+ accessory



Custom Sound



Nucleus Fitting Software



Cochlear Link



CR220 Intra-Op Assistant

# State-of-the-Art Baha portfolio



BI300 implant with BA400 abutment



Baha 5 Sound Processor



Baha Attract system

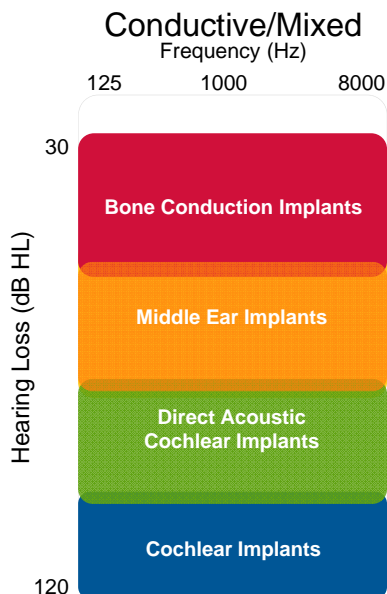


Baha True Wireless accessories



Baha 5 Super Power Sound Processor

# State-of-the-art Acoustic Implants



## Codacs™



**Codacs™ System**  
The most *powerful* acoustic implant

Codacs™ System





## Future Technology Directions

What is in the Cochlear R&D pipeline?

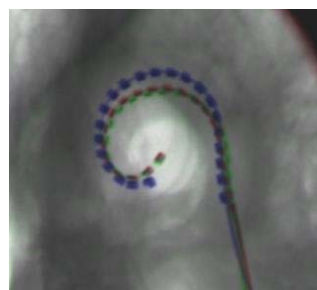
Hear now. And always



## 1. Even Better Hearing Outcomes: Slim Modiolar Electrode Array



- Thinnest perimodiolar array
  - 60% less volume compared to CA
  - Protecting the fine structures (atraumatic design)
- Consistent Perimodiolar positioning
  - Consistent positioning close to the modiulus
  - **Closest to the nerve** to optimise hearing outcomes
- Ease of insertion
  - Improved surgical handling
  - Consistent surgical use
  - Confidence in surgical outcomes

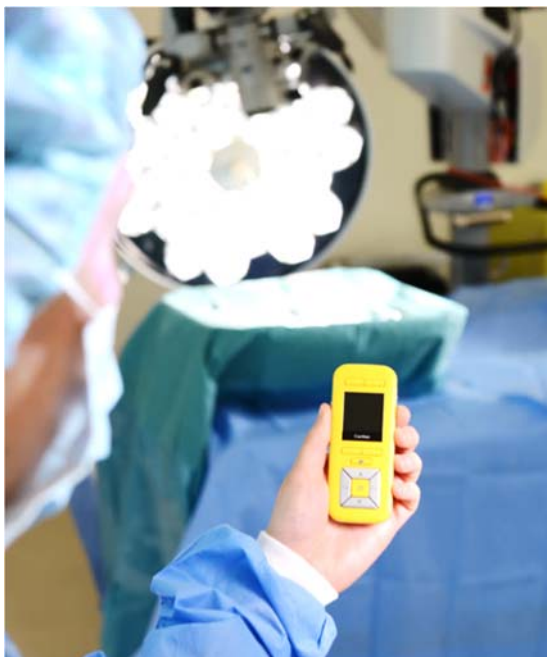


- 1<sup>st</sup> insertion Slim Modiolar
- 2<sup>nd</sup> insertion CA
- 3<sup>rd</sup> insertion reloaded Slim Modiolar

## 2. The Future is Wireless



## 2. The Future is **Wireless** – also for Clinicians



**CONVENIENT**  
No equipment or PC setup required

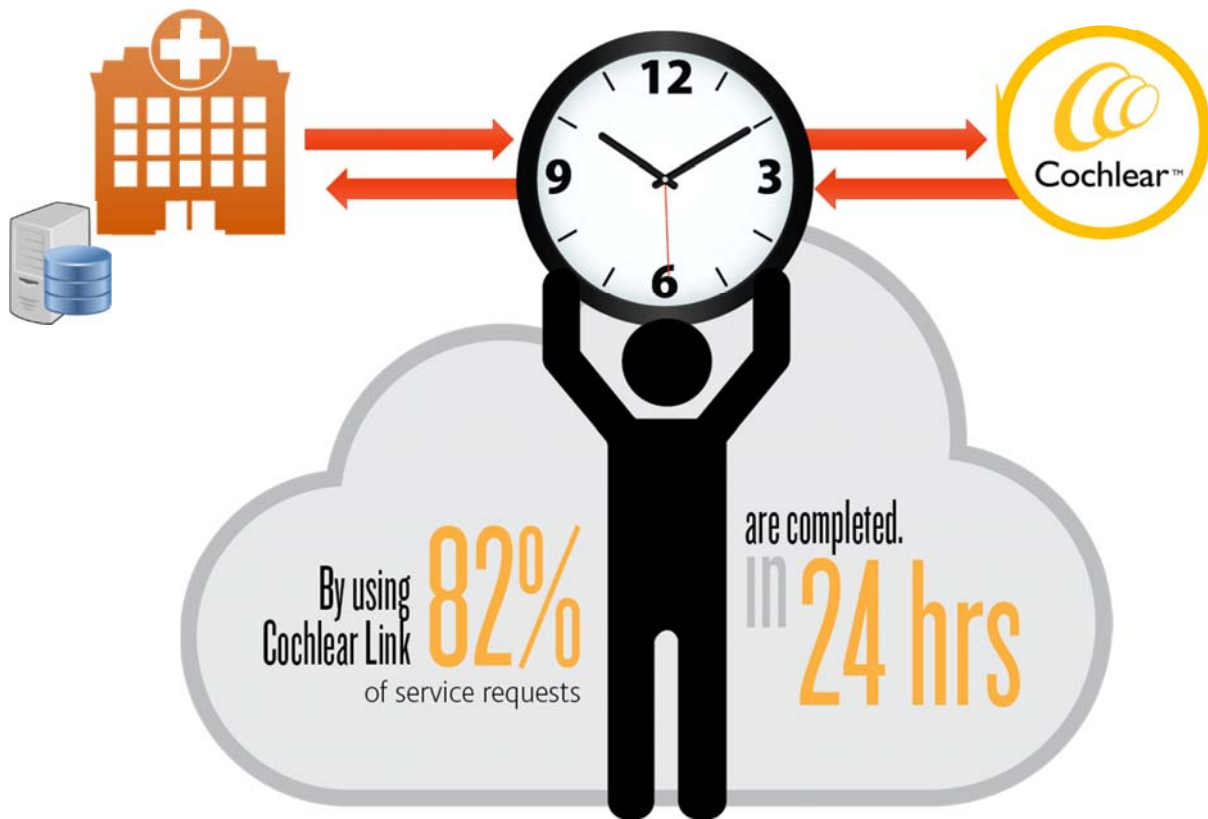
**FAST**  
No setup time and faster measures

**SIMPLE**  
One button diagnostics for less training



Portable **wireless** fast cochlear implant diagnostics

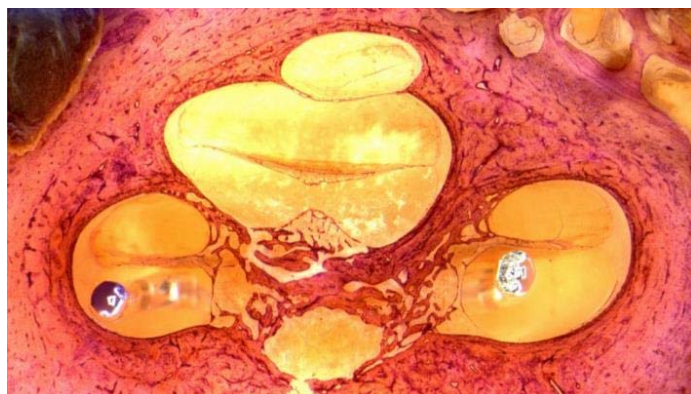
### 3. The Future is **Connected** – Cochlear Link



### 4. The Future **preserves** Residual Hearing even better



**Nucleus Profile implant with Slim Straight electrode**



**Atraumatic electrode insertion (cochlea cross-section)**

**First human investigation of a combination device delivering a targeted drug therapy to cochlear implant recipients**

R. J. Briggs<sup>1,2,4</sup>, S. J. O'Leary<sup>1,2,4</sup>, Birman, C. S<sup>5</sup>, C. Miller<sup>2</sup>, K. Plant<sup>2,3</sup>, J. Gavrilis<sup>3</sup>, F. Risi<sup>2</sup>, C. Newbold<sup>2,3</sup>, D. Strathopoulos<sup>2,3</sup>, S. Chambers<sup>2</sup>, A. Au<sup>4</sup>, R. Cowan<sup>3,4,5</sup>

<sup>1</sup>Royal Victorian Eye and Ear Hospital, Melbourne, Australia, <sup>2</sup>Cochlear Ltd, Melbourne University, Sydney, Australia, <sup>3</sup>HEARING CRC, Melbourne, Australia, <sup>4</sup>University of Melbourne, Melbourne, Australia, <sup>5</sup>Rokusek University, Sydney, Australia, <sup>6</sup>The Sydney Cochlear Implant Centre, Sydney, Australia

*Hear now. Find out more.*



**Research drug eluting electrode**



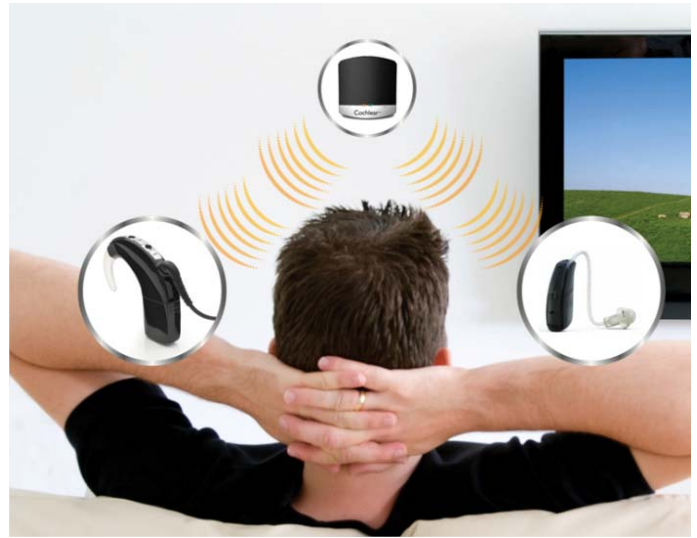
# 5. The Future is Binaural



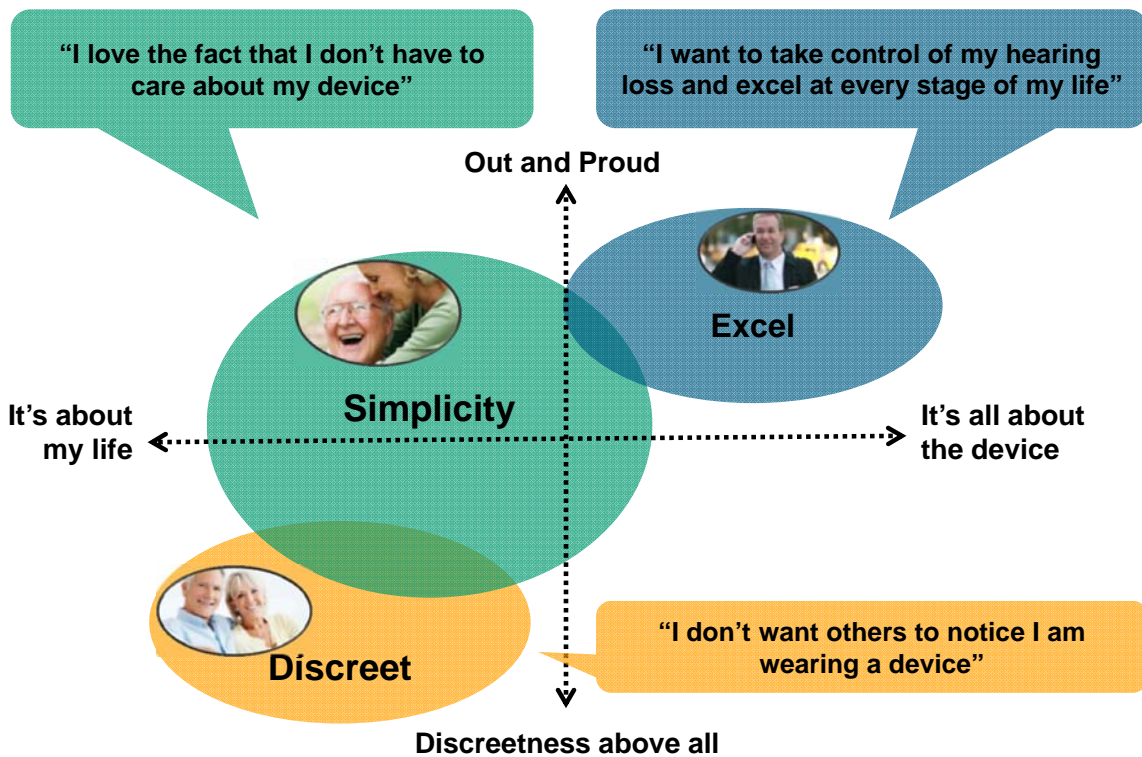
Bilateral Cochlear Implants



Bimodal  
True Wireless for Bimodal users



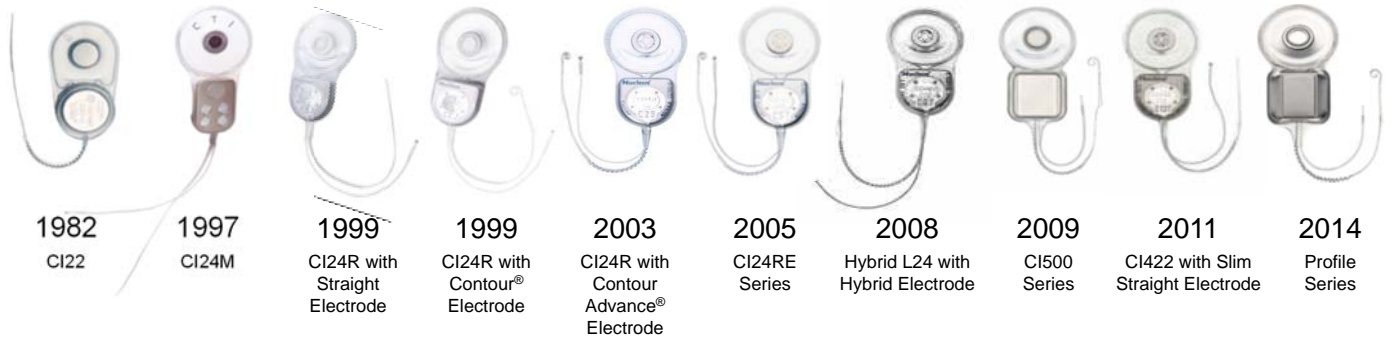
# 6. The Future supports different customer segments



# Summary: 33 year history of Innovation ... and much more to come



## Cochlear Implants



## Sound Processors



Cochlear<sup>®</sup>

*Hear now. And always*



# 2016 Investor Day

28 April 2016

**Australia & China**

**Dig Howitt**

President Asia Pacific

*Hear now. And always*



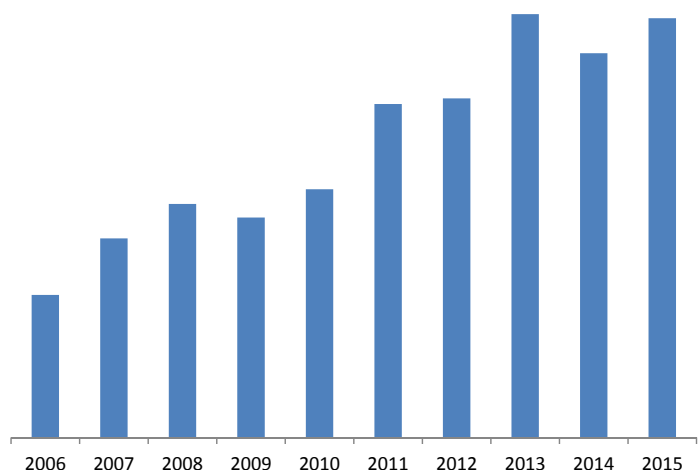
## APAC Overview



- More than half the world's people (~4B people) and the fastest economic growth
- Accounts for ~18% of Cochlear's revenue



**APAC Revenue (Constant Currency)**





# Australia: Driving growth in a developed market



- Australia has one of the highest penetrations of CI in the world at ~10%
- Revenue has grown consistently, 10-15% pa revenue growth over 5 years
- Services (processors, accessories and other services) revenue is growing faster than new systems sales
- Australia is best practice globally for cochlear implants in newborns
- Many factors will contribute to the future growth of cochlear implantation in Australia
  - Demographics
  - Indications and outcomes
  - Advocacy and awareness

## Market Overview



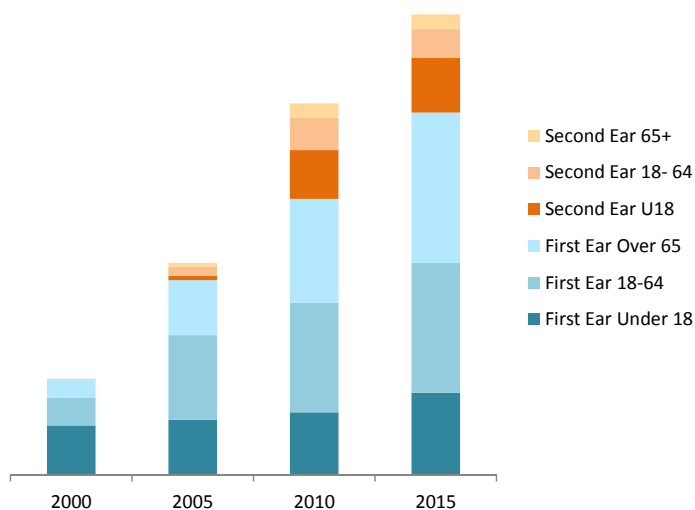
- Australia has high penetration across demographic segments
  - 95+++% of newborns with severe to profound hearing loss are getting 1 or 2 implants – growth in line with birth rate
  - Working age adults is a significant and growing segment
  - Seniors is the fastest growing segment
- The market is funded through federal, state government grants and private insurance

# Market growth drivers in Australia



Sustained growth in Australia is a result of multiple factors

## Cochlear Surgeries in Australia



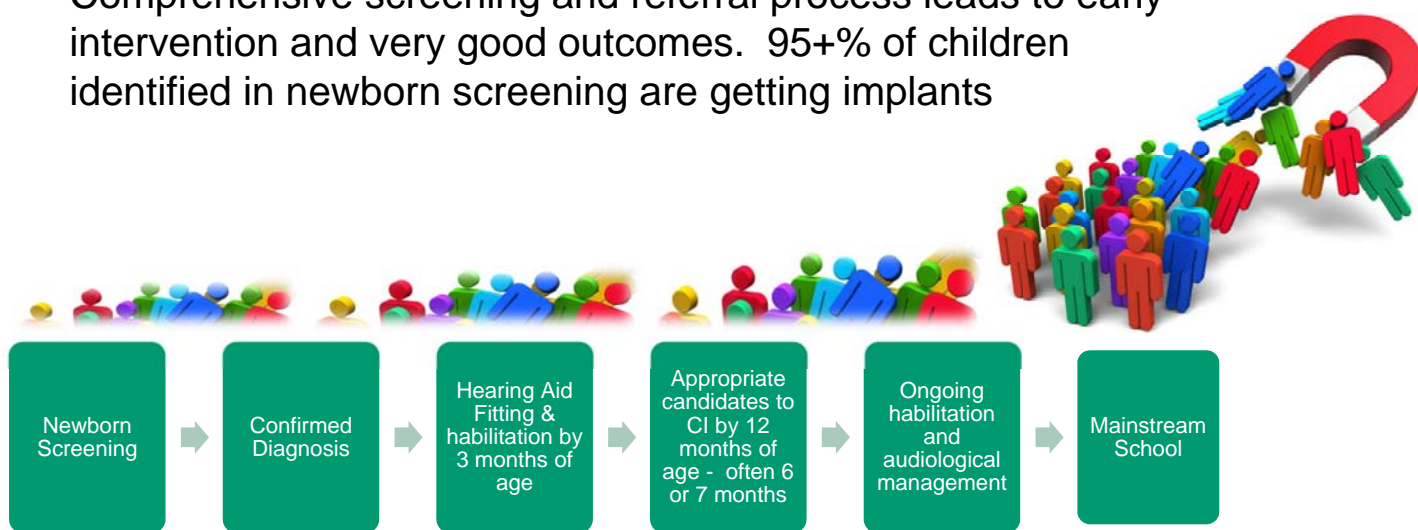
- Expanded Indications or increased acceptance driven by evidence of good outcomes
  - Seniors
  - Bilateral
  - Residual hearing
  - Single Sided Deafness
- Advocacy by clinicians
- Awareness
- New clinics in underserved locations
- Funding

Source: Cochlear data

# World best practice for newborns



Comprehensive screening and referral process leads to early intervention and very good outcomes. 95+% of children identified in newborn screening are getting implants



# Generating demand: Working age adults and seniors



- Key challenge is still awareness of both therapy and criteria for candidacy
- Building awareness through on and off line media is critical to drive growth



Dissatisfied hearing aid users  
**Recapture A+ Hearing**

## Amplify Hearing and Diagnostics' new Cochlear service cuts patient travel time

By Tahila McPherson  
April 1, 2016, 11:10 a.m.

IT'S been more than a decade since Warren Jones has heard anything through his right ear, but now the sounds of birds and even his car indicators amaze him.

Mr Jones, of Albury, underwent surgery in Sydney to receive a Cochlear ear implant in early February, as one of 4000 NSW recipients.

The process can require seven follow-up appointments in the first six months to map changes and adjust the device. He said he was "grateful" Albury audiologist Liz Lockett took up training, so he wouldn't have to travel to Sydney.

Mrs Lockett co-owns Amplify Hearing and Diagnostics, which is the first clinic on the Border to offer the service.



GRATEFUL PATIENT: Liz Lockett is undergoing specialist training for Cochlear implant recipients and Warren Jones is the



Awareness/urgency to treat  
**"Get Started"**



# Services: Melbourne Cochlear Care Centre



Concept: Provide care after implantation to create capacity at Royal Victorian Eye and Ear Hospital and to build closer relationships with customers. The centre opened in March 2014

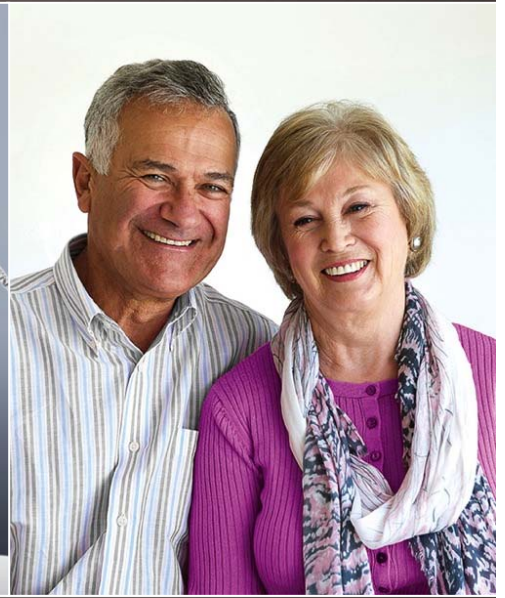
- The centre provides care for over 1500 recipients in collaboration with RVEEH (Royal Victorian Eye and Ear Hospital)
- Revenue from Medicare and sales of processors and accessories
- Processor and accessory sales are 50% higher than the Australian average

## Customer Comment

"I was very sceptical about Cochlear's conflict of interest here. I have just had my first appointment and my clinical care was excellent. The audiologist did educate me about my upgrade options but I did not feel any pressure."







## China

*Hear now. And always*

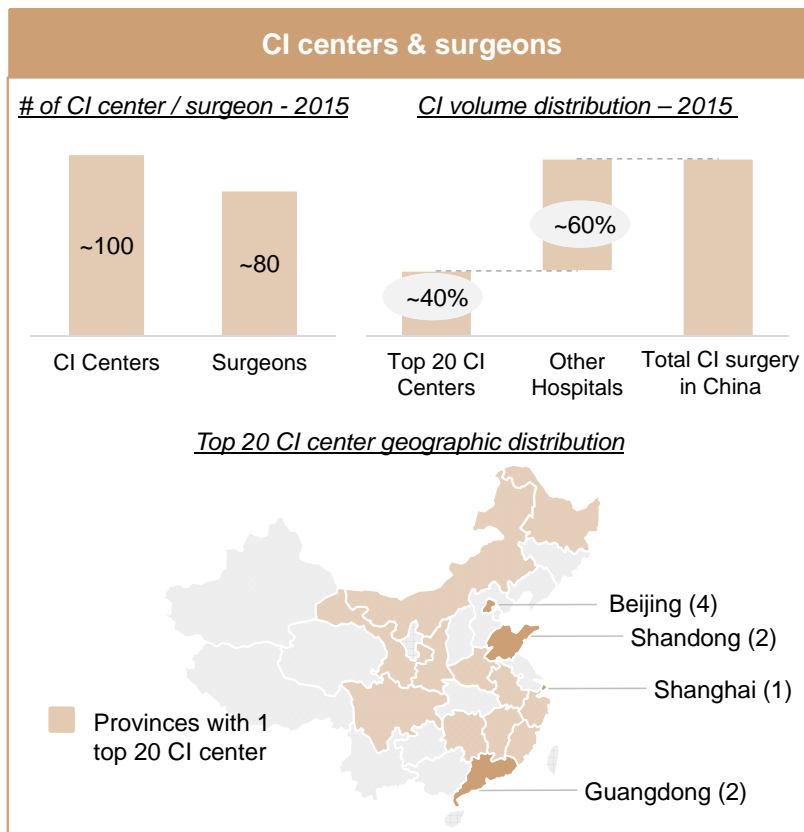


## Building an emerging market business



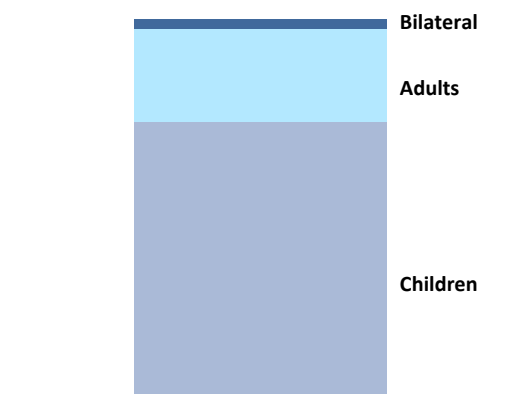
- The China market has significant opportunity for growth
  - Penetration is less than 0.5% (children <20%, adults <0.1%)
  - 90+% of implants are for children
- Recent market growth is a result of a long period of investment and advocacy
- There are two major segments
  - National Government Tenders
  - Private Pay
- The market is competitive and success depends on good strategy execution

# China CI overview



Source: Cochlear data and estimates

## Estimated Private Pay Market



# Cochlear history in China



- Australian Government donated implant programming equipment to China in 1993
- Cochlear established audiological and rehabilitation training from 1994 in conjunction with Australian Hearing and Chinese hospitals
- First surgery in mainland China in 1995
- Worked closely with China Rehabilitation Research Centre for Deaf Children (CRRCDC). Established China-Australia Cochlear Implant Training Centre in Beijing in 1998 with CRRCDC
- Cochlear established Hong Kong office in 1997. Now offices in Beijing, Shanghai and Chengdu
- Taiwanese donation from Chang Gung Memorial Hospital (CGMH) from 2006
- National tender started in 2009 administered by CRRCDC. Recognised the benefits of cochlear implantation in children

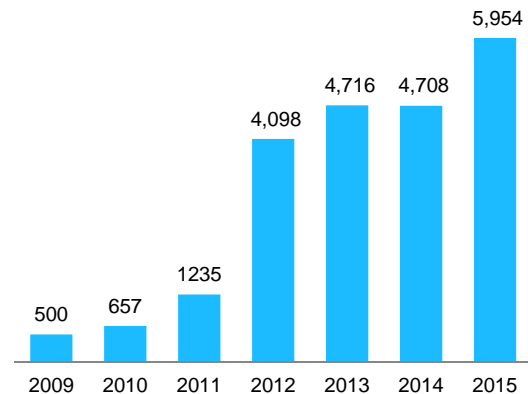
# National tender market



## National Tender

- Started in 2009, continued in 2016 - 2020 5 year plan
- Volume usually split into 3 tranches per year
- Goal is to provide implants to children with hearing loss
- Purchase decision made on price
- Low distribution and support costs
- We offer a differentiated system
- Profitable on initial sale and carries potential for future services revenue

**Total Annual National Tender Volume (CY)**



Source: Cochlear data

# Private pay market



## Private Pay Market

- Largely private pay with some provincial/city reimbursement and philanthropic funding
- Tiered offering: technology and prices
- Higher prices, higher distribution and support costs than tender
- Largely sold through distributors
- Very competitive
- Growing market
- Purchase decision usually made by patient but surgeon influential





# Market opportunities – private pay market will continue to grow



Opportunity	
Newborns and children	Improving Newborn hearing screening and referral, Increasing awareness from national tender, Increasing affordability Increasing reimbursement coverage
Adults	Awareness and acceptance growing, especially for working age adults, Increasing surgeon advocacy Improving affordability Seniors still very early stage – future potential
Bilateral	Awareness and acceptance growing
Services	Increasing focus and promotion Significant and growing customer base

## China success factors



### Execution

- Capable local team
- Strong relationships with surgeons
- Product leadership in each tier
- Social media reach

### Future growth opportunities

- Working age adults
- Seniors
- Bilateral
- Services





## 2016 Investor Day

28 April 2016

Direct to Consumer Marketing – USA Experience

Patricia Trautwein VP, Marketing Cochlear Americas

*Hear now. And always*



## Direct to Consumer (DTC) Marketing



**Why:** The USA has a large underserved market

**Who:** Seniors are the fastest growing population with hearing loss

**How:** Leveraging data science, we define target segments and identify how to best connect with potential customers on and offline

**What:** Integrated campaigns increase awareness and include unique opportunities for peer to peer education and support throughout the process

**Impact:** Direct to Consumer marketing enables Cochlear to reach more potential candidates, USA sales of cochlear implants is growing with the largest growth seen in the senior segment in alignment with the marketing focus

# USA is an aging population <sup>1</sup>



Children  
(<18 years)

Adults  
(18-64 years)

Seniors  
(65+ years)

2012  
313M

73M (23%)

197M (63%)

43M (14%)

2050  
400M

86M (21%)

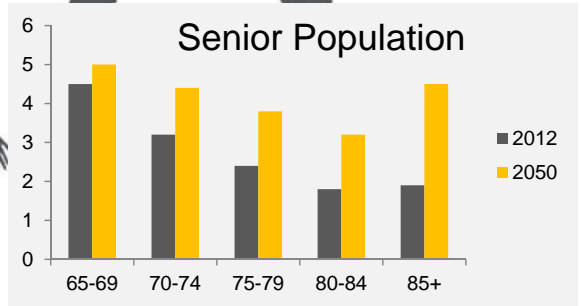
230M (58%)

84M (21%)

2X

## Life Expectancy

	2012	2050
♂	77	82
♀	82	86



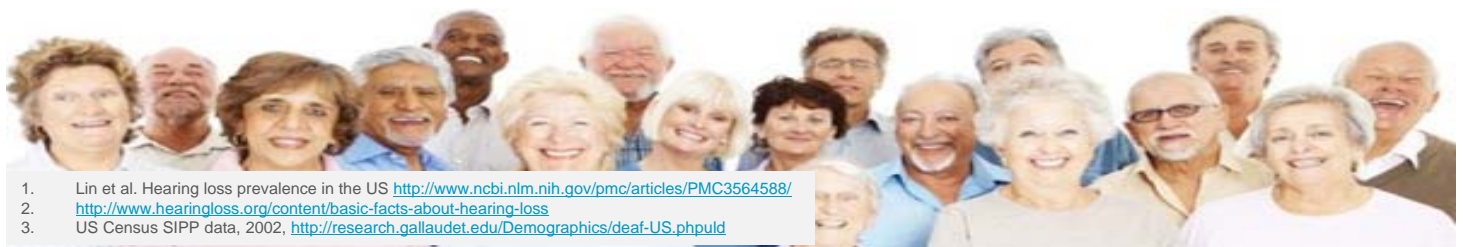
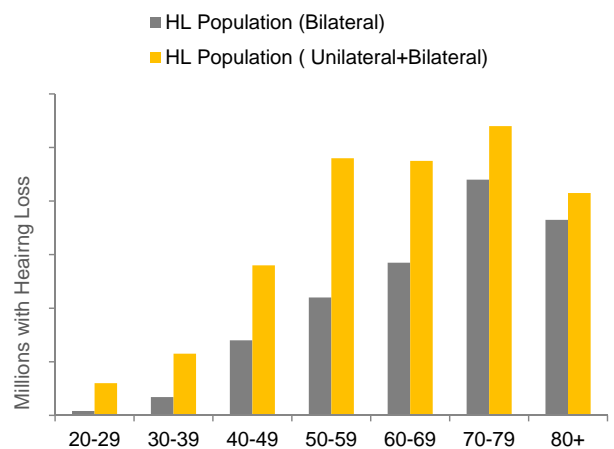
1. US Census, The Aging Nation, May 2014

# Adult population in USA with hearing loss increases with age and is underpenetrated



- **48M** adults in USA with hearing loss in one or both ears <sup>1</sup>  
Hearing loss is a major public health issue that is the **third most common physical condition** after arthritis and heart disease <sup>2</sup>.
- **10M** people in USA are hard of hearing in one or both ears <sup>3</sup>  
3% Children  
3.9% Adults  
16.4% Seniors
- **5%** penetrated for cochlear implants

## Total Population with hearing loss (in millions)<sup>1</sup>



1. Lin et al. Hearing loss prevalence in the US <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3564588/>  
2. <http://www.hearingloss.org/content/basic-facts-about-hearing-loss>  
3. US Census SIPP data, 2002, <http://research.gallaudet.edu/Demographics/deaf-US.phpuld>



# Lack of awareness is a barrier to growth <sup>1</sup>



“I thought cochlear implants were only for people who are totally deaf ”

## % Familiar with Cochlear Implants



General Population

<20%



Audiologists

<50%

1. Data on file, survey conducted by PSB 2014

# Seniors in the USA are online and engaged in social networking



**Youngest Seniors :** 74% of seniors in the 65-69 age group go online

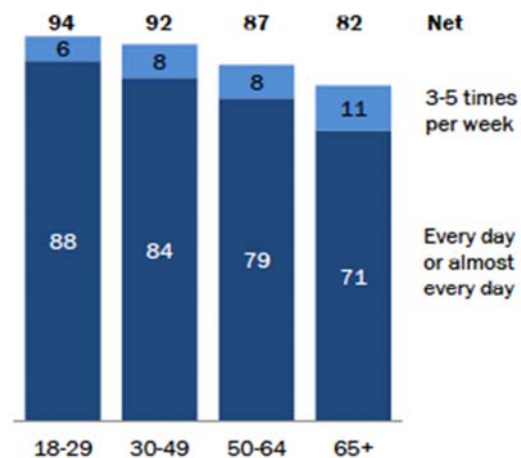
**Affluent Seniors :** 90% of seniors with an annual household income of \$75,000 or more go online

**College Degree Seniors:** 87% of seniors with a college degree go online

**Daily Use:** Once online, most seniors make the internet a daily part of their lives

**Social:** 46% of online seniors use social networking sites

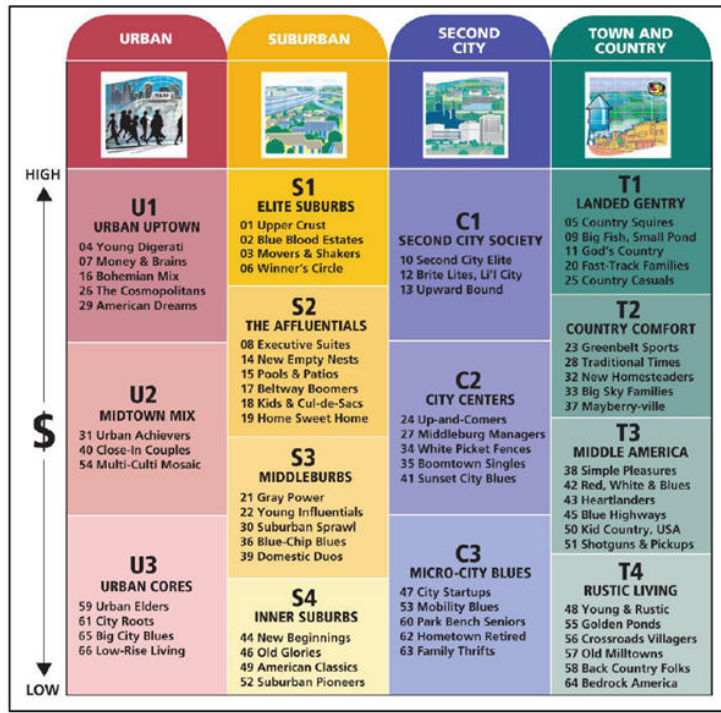
% of internet users in each age group who go online ...



Pew Research Center's Internet Project July 18-September 30, 2013 tracking survey.

PEW RESEARCH CENTER

# Targeted awareness maximizes effectiveness



# Targeted awareness maximizes effectiveness



Ageless Boomers

1. Anna McMahan

2. Roger Carpenter

Connected Seniors

3. Teenie Matheson

Driven Dynamics

4. Gary Stevens

5. Michelle Thomas

6. Mike Taylor

Upward Bound Families

7. Jenny King

# Targeted segment campaigns to reach seniors



## ANNA McMAHAN (Sample "Boomer" Persona)

Ageless Adventurers

Upper Crust • Big Fish Small Pond • Second City Elite • Traditional Times • New Empty Nests



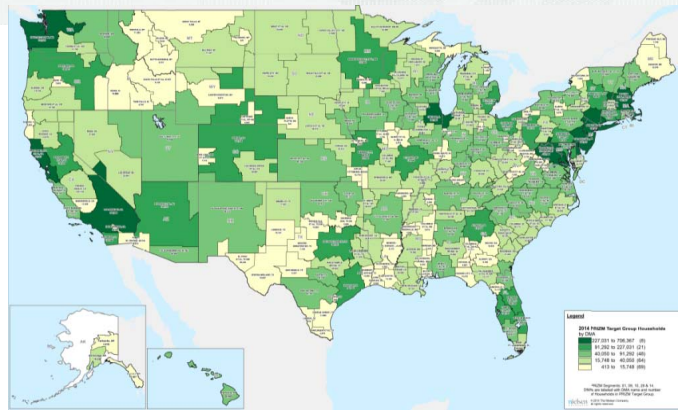
"You can't help getting older, but you don't have to get old."

Age: 62  
Lives in: Denver, CO  
Works: Retired, HH Income \$80K  
Home life: Married, empty nester, owns home  
Health-pulse: Engaged, with a dual mentality  
Insurance: Traditional (BlueCross BlueShield, PPO)



ANNA McMAHAN

Ageless Adventurers



# Targeted segment campaigns to reach seniors



## TEENIE MATHESON (Sample "Senior" Persona)

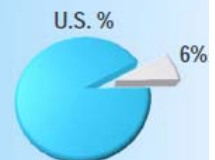
Connected Matures

Gray Power • Simple Pleasures • Domestic Duos • Sunset City Blues

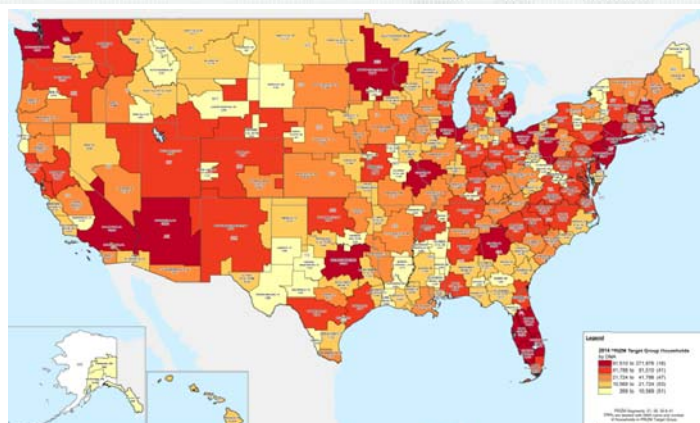


"Don't let your struggle become your identity."

Age: 75  
Lives in: Phoenix, AZ  
Works: Retired, HH income \$65K  
Home life: Married, empty nester, owns home  
Health-pulse: Lower, with a "Doc knows best" mentality  
Insurance: Personal (BlueCross BlueShield, HMO or PPO)



TEENIE MATHESON





# Integrated campaigns maximize effectiveness and customer experience



## FIND

### Online



SEO/SEM  
Display Ads



Social

### In Market



Advertising



PR: Radio, TV, Events

## CAPTURE



Call Center



Web / Landing Pages

### CRM System



Scoring & Assignment

## NURTURE



Email Campaigns



Concierge



Volunteers

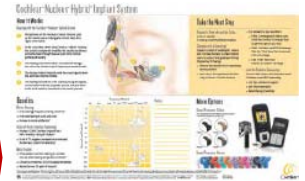


Events (HHS)

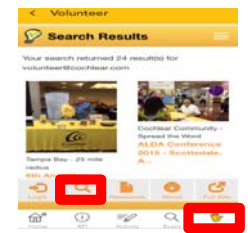
## CONVERT



Clinic Appointments



Counseling Tools



Cochlear Chapters & Chats

Leads

Candidates

Customers

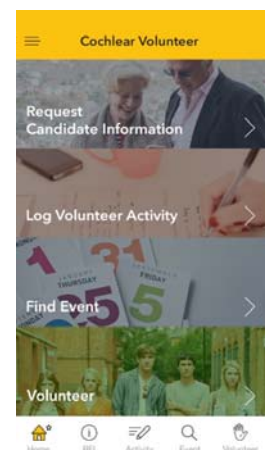
# Volunteers help candidates through the journey to better hearing



Candidates connected to volunteers are more likely to choose a Cochlear implant within one year



<p>Brian C. Bilateral Cochlear Implant User Lees Summit, MD <a href="#">Connect</a></p>	<p>Anna T. Bilateral Cochlear Implant User Riverside, IL <a href="#">Connect</a></p>	<p>Christina R. Bilateral Cochlear Implant User Usuario de implante Cochlear bilateral Spring, TX <a href="#">Connect</a></p>
<p>Margaret K. "Margo" Bilateral Cochlear Implant User Hartford, MI <a href="#">Connect</a></p>	<p>Guy M. Cochlear implant and hearing aid user Belleville, IL <a href="#">Connect</a></p>	<p>Corinne K. Hybrid™ Implant White Lake, MI <a href="#">Connect</a></p>



# Concierge educates and supports candidates throughout the journey



## Cochlear Concierge

### Connect with a Cochlear™ Concierge

We're here to support you. Speak to a team of audiologists, who are also Cochlear™ Nucleus® Cochlear Implant users. Choose your preferred method of connecting:

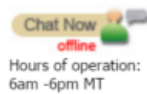
#### 1. Click:

Email the Cochlear Concierge Team to get the support you need  
[Concierge@cochlear.com](mailto:Concierge@cochlear.com)



#### 2. Chat:

Chat online with a Cochlear Concierge  
 6 am - 6 pm (MT) Monday - Friday



#### 3. Call:

1.800.483.3123  
 Request a Cochlear Concierge



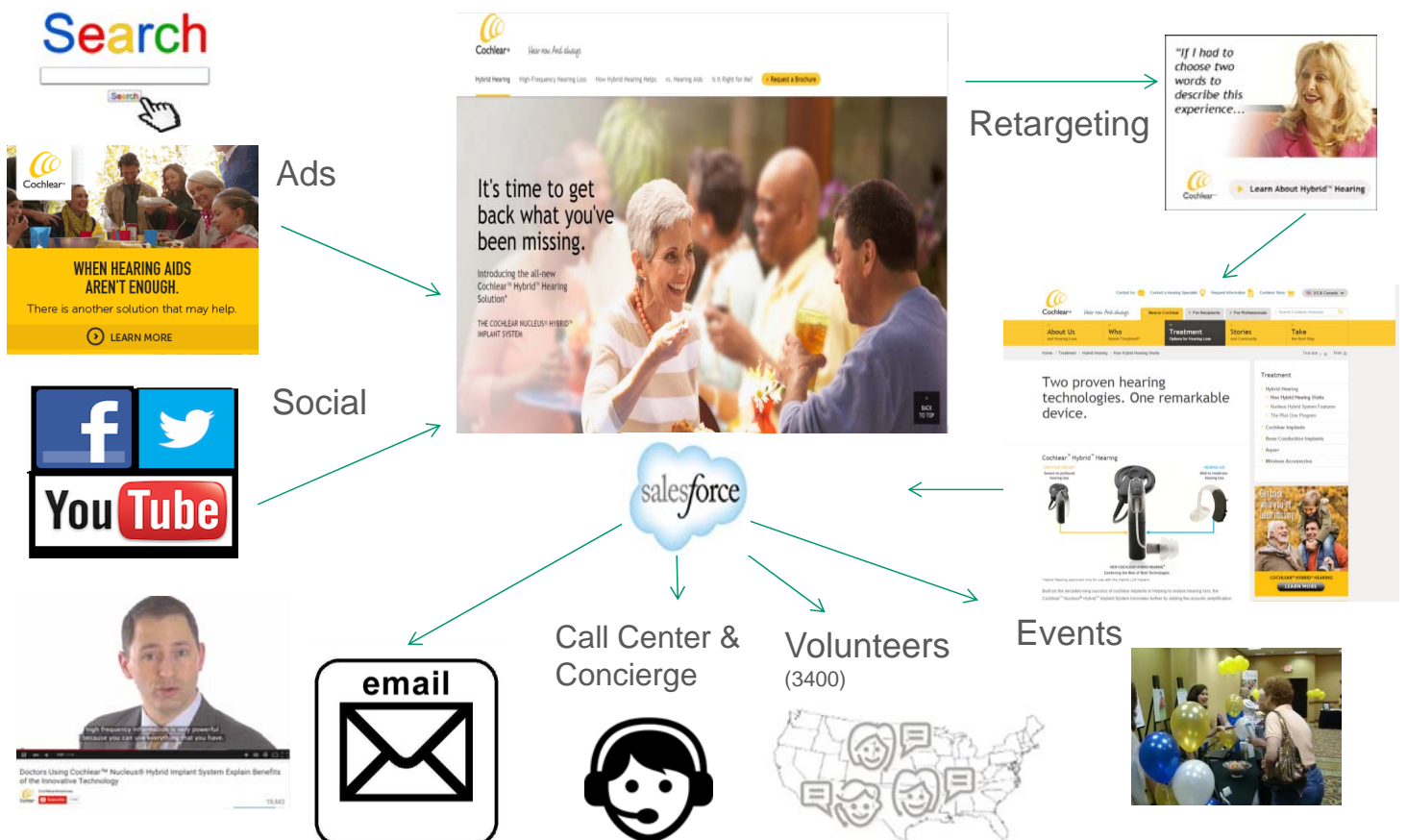
Unique engagement team of highly trained professionals who educate and guide candidates through the process to get an hearing implant. The team includes:

- Audiologists who have an implant
- Audiologists who have a child with an implant
- Educators
- Bilateral Recipients
- Bimodal Recipients
- Bilingual Specialists

The concierge team connects candidates to volunteers and clinics in the community and welcomes them to the **Cochlear Family**



# Integrated campaign targeting a persona





# Extensive analytics and optimization of campaigns maximizes results



# Integrated campaigns are increasing leads and new customers (Year on Year results)

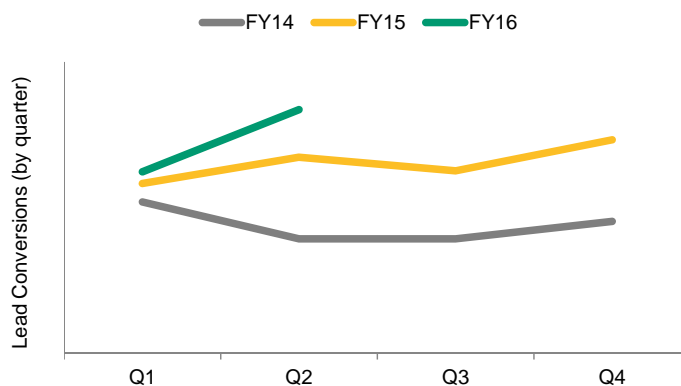
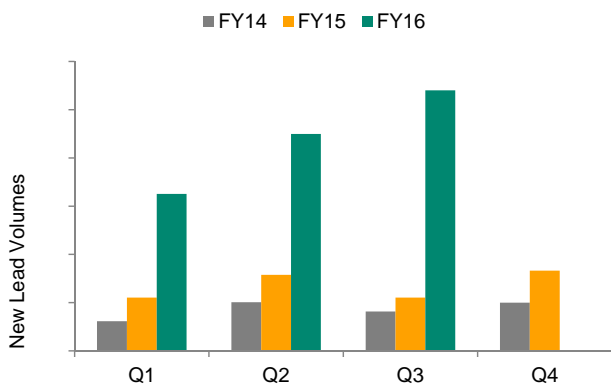


**5X** increase in captured leads

Conversions **34%** higher

## Capture Leads

## Grow Customers

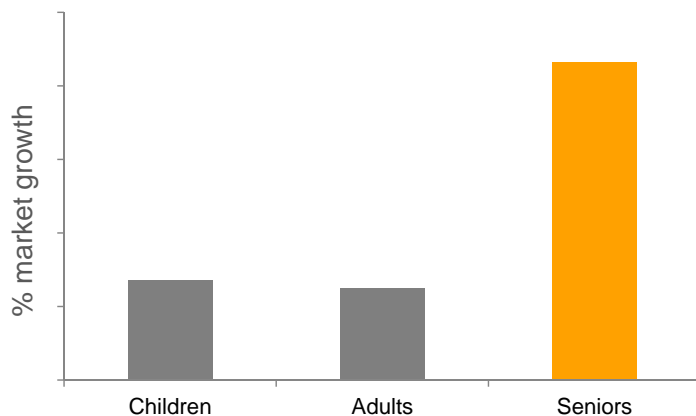




# USA market growth evident across age segments



## H1 Reported Growth in F16 of ~10% cochlear implant units

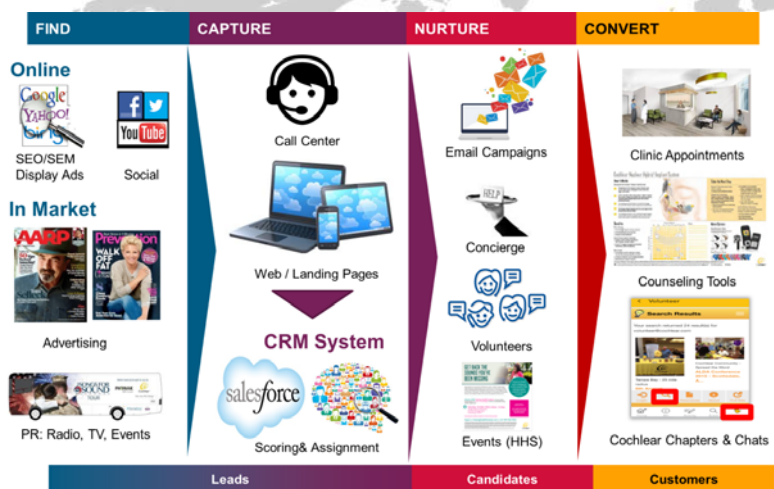


Seniors 65 years+ are the fastest growing segment consistent with DTC campaign focus and US market demographics

# Next Steps: Expand DTC in USA and other markets



- Continue to optimize and extend campaigns in USA
- Leverage US learning to other markets in EMEA and APAC



Search Engine Optimization and Marketing

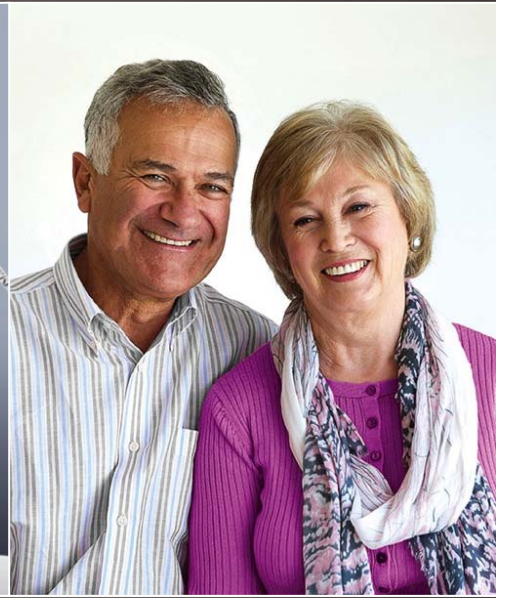


Concierge



Volunteers





## 2016 Investor Day

28 April 2016

**Recipient Services – USA experience**

**Rene' Courtney** VP, Customer Experience & Recipient Services Cochlear Americas

*Hear now. And always*



## Recipient Services – North America



- Current responsibilities
- Building capabilities
- Engagement
- Upgrades



# Overview of Recipient Services



**Customer Intimacy**  
Improve the customer experience

**Revenue Growth**  
Increase growth and profitability

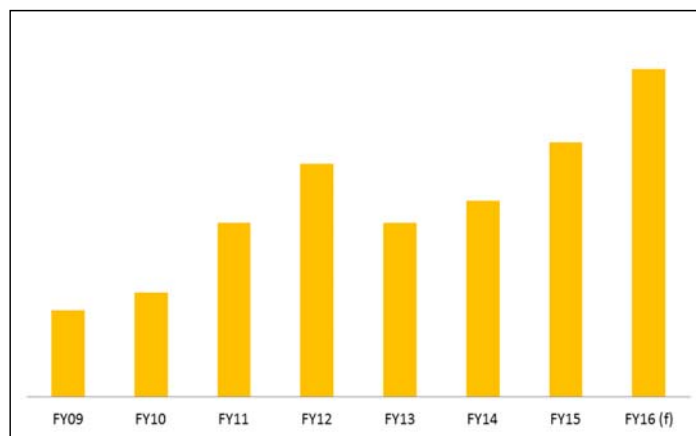
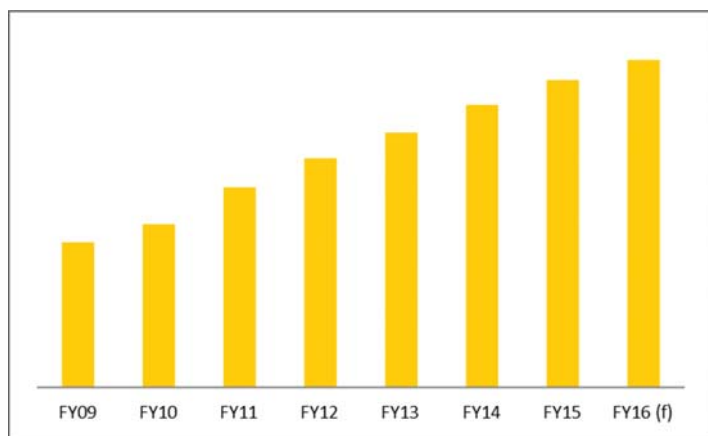
**Operational Excellence**  
Integration of people, process and systems

# Customer base growth – North America



130,000+ Customer Ears\*

Services Revenue\*  
(Upgrades & accessories)



\* Includes both CI & Baha



# Opportunities for direct engagement



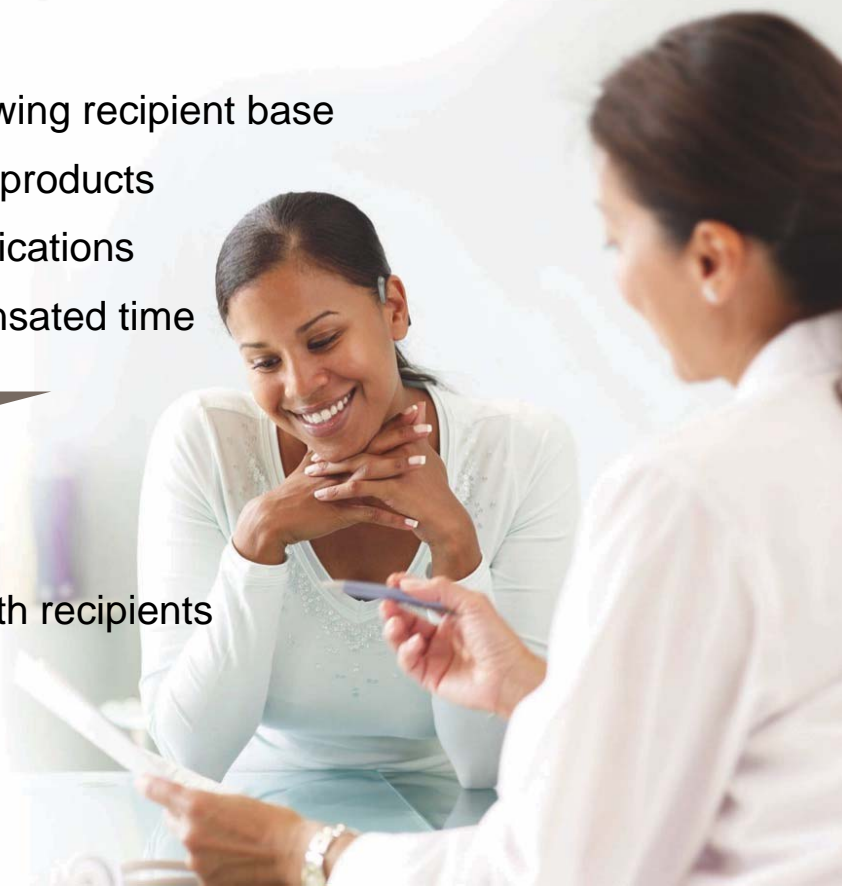
## Changing environment

- Clinicians experiencing growing recipient base
- Increasing sophistication of products
- Complexity of candidate indications
- Larger amount of uncompensated time



## Opportunity for Cochlear

- More direct engagement with recipients



# Building customer experience capabilities



1	2	3	4
<b>Connections</b> 	<b>Direct engagement</b> 	<b>Service Delivery</b> 	<b>Data Analysis</b> 
<ul style="list-style-type: none"><li>✓ Registration</li><li>✓ Permissions</li><li>✓ Gathering contact information</li></ul>	<ul style="list-style-type: none"><li>✓ Marketo</li><li>✓ SalesForce.com</li><li>✓ Face to face</li><li>✓ Outbound sales</li></ul>	<ul style="list-style-type: none"><li>✓ Service Cloud</li><li>✓ Chat, SMS, phone, email</li><li>✓ Self service</li><li>✓ Via clinician</li></ul>	<ul style="list-style-type: none"><li>✓ Campaigns</li><li>✓ NPS</li><li>✓ Service failures</li></ul>

# Creating customers for life



## Cochlear Family

### Optimize Hearing Outcomes

New Recipient Welcome Experience



Cochlear Family Membership Activation



Support Apps



Social Communities



Practice Tools



### New Cochlear Family Members



# Supporting customers for life



## Cochlear Family

### Build lifetime relationships



Cochlear Store

Cochlear Family Personalized Account



Social Peer to Peer



Care & Maintenance



Service Plans



Subscriptions



Accessories



CX



Chat



Upgrades



Insurance Teams & Outbound Sales



Repair Lab



Hear Always Cochlear Link



Volunteers



### Existing family members & volunteers

# Recipient outbound sales



New positions to focus on upgrade sales



# Supporting customers for life



## Cochlear Family

Build lifetime relationships



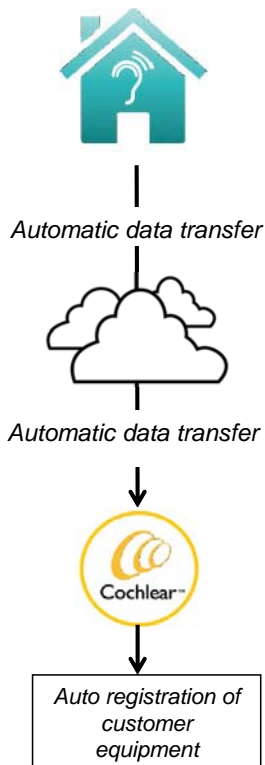
Existing family members & volunteers



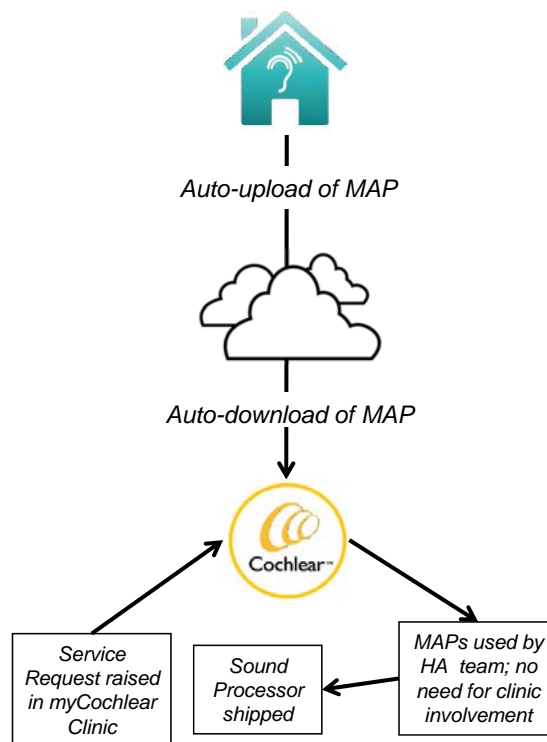
# Cochlear Link – Cochlear benefits



## Device Activation



## Service Requests



- ~4,800 automatic registrations completed
- ~41,000 recipients covered by Cochlear Link clinics

# Cochlear Link - Clinic benefits



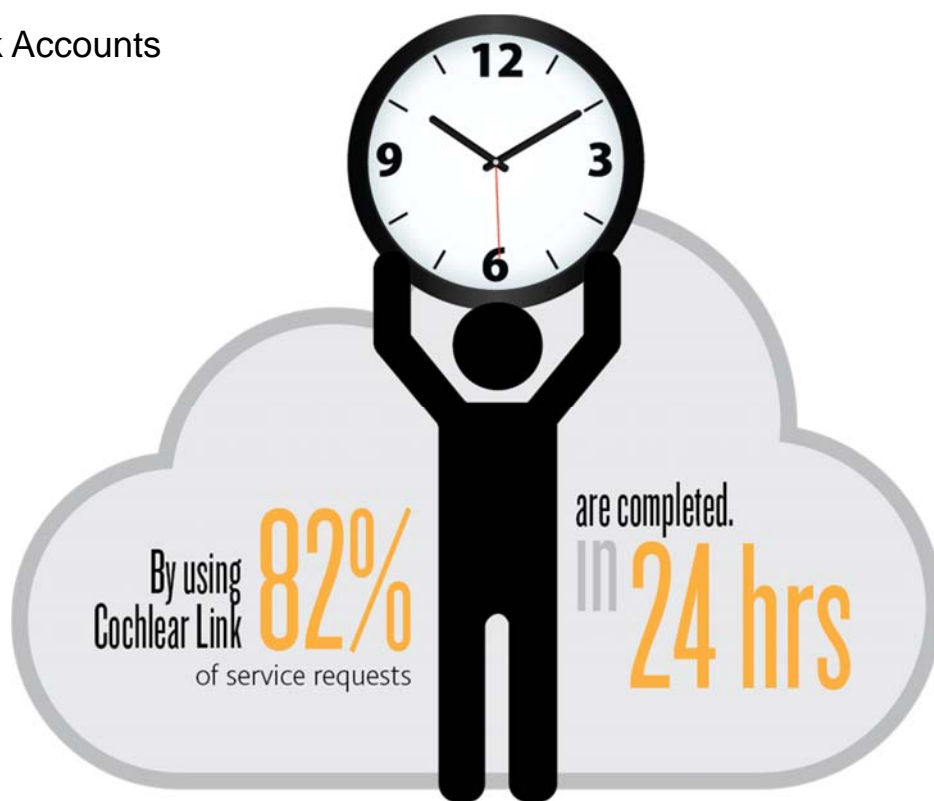
## Within Link Accounts



# Cochlear Link – Recipient benefit



Within Link Accounts



# Recipient upgrade campaigns



Upgrade Microsite



Ads



WOM / Social Media



Events

Traditional campaigns



Nurture campaigns



Outbound team

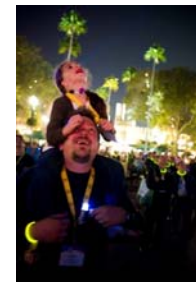


# Key Points



- Growing recipient base and ongoing revenue growth
- The opportunity to provide lifetime support requires an ability to connect and engage with recipients
- We have been building the infrastructure to do that over the past several years
- Great technology and continuing investment in service will augment future growth

# Lifetime Commitment



## Celebration Highlights:

- 1,200 attendees
- Over 15 educational sessions
- Technical Support on site
- Product launches onsite
- Live social media, blogs and updates
- Global photo shoot & video testimonials
- Market research sessions





*Hear now. And always*

## Disclaimer



### **Forward looking statements**

Cochlear advises that these presentation slides contain 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 you are cautioned not to place undue reliance on any forward looking statement.