

Cochlear Limited

Results for year ended 30 June 2009

Chris Roberts - CEO

Neville Mitchell - CFO

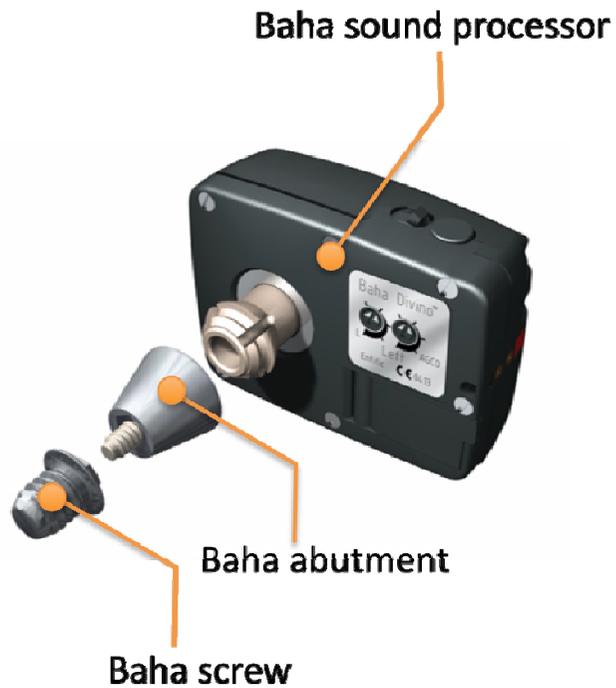
Cochlear Background

- Leader in implantable devices for hearing impaired:
 - Cochlear implants (CI) for sensorineural hearing loss (SNHL)
 - Bone anchored hearing implants (Baha®) for conductive hearing loss, mixed losses and single sided deafness
 - Electro-Acoustic Stimulation (Hybrid™) for high frequency SNHL, but some residual low frequency
 - Direct Acoustic Cochlear Stimulator (DACCS) for severe mixed losses
- Global footprint with focus on innovation
 - ~ 2,000 employees & direct operations in 20+ countries
 - Products sold in 100+ countries
 - ~ 14% of sales spent on R&D
- Fundamentals of the business remain positive (large unmet clinical need, excellent clinical outcomes, established reimbursement, strong competitive position, opportunities for sustainable growth)



Cochlear's Implant Systems

Baha system



Cochlear Implant system

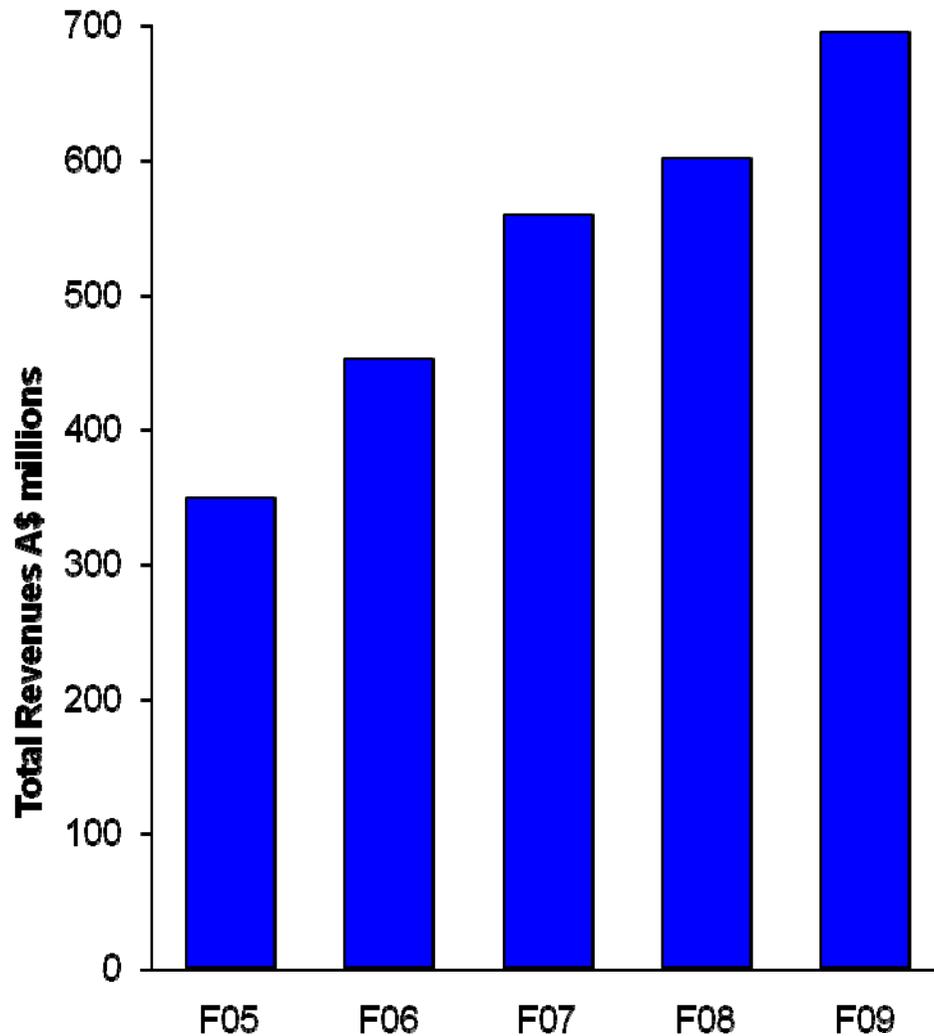


Cochlear: Record financial results for F09

	F09 \$ millions	F08 \$ millions	+ %
Cochlear Implants	614.0	504.8	↑22
Bone Anchored (Baha)	97.8	75.6	↑29
FX Contracts	(17.1)	21.3	
Revenue	694.7	601.7	↑15
EBIT	183.3	167.3	↑10
Net Profit After Tax	130.5	115.2	↑13
EPS	233.7 cps	208.1 cps	↑12
Core Earnings*	138.0	123.7	↑12

*Core Earnings assumes all R&D is expensed and excludes both amortisation of acquired intangibles and share based compensation expenses

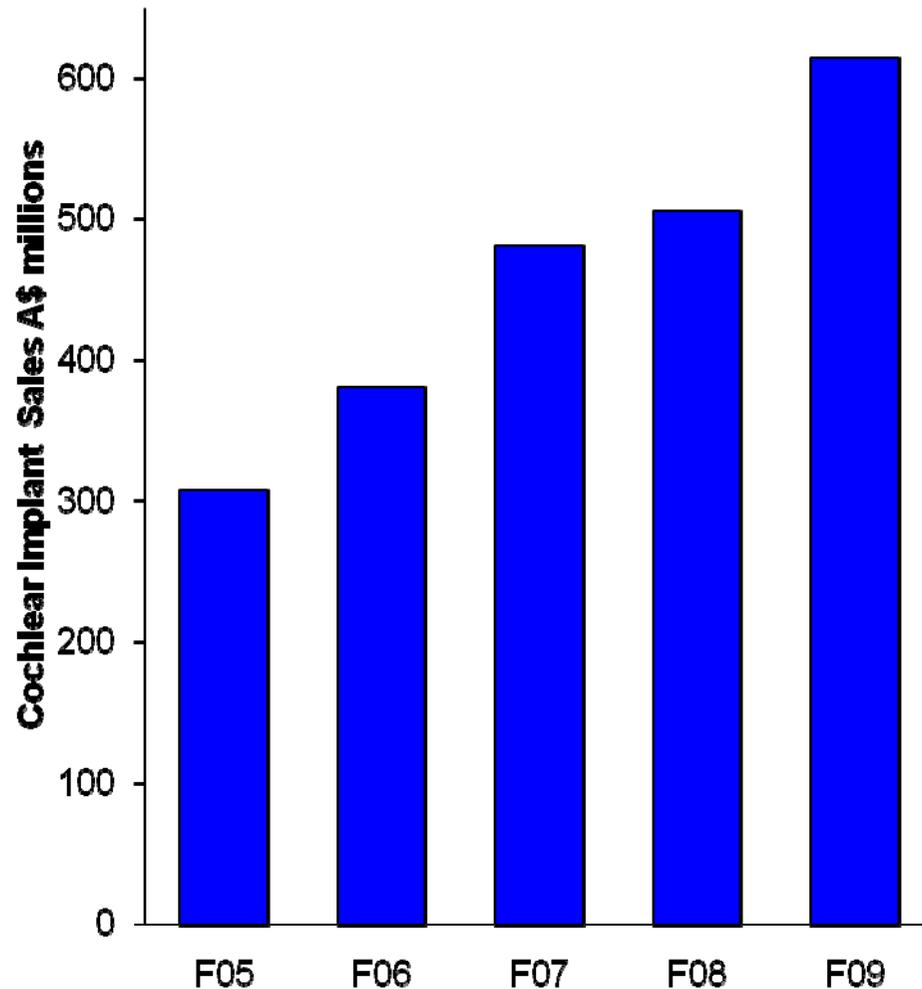
Cochlear: 5 year Total Revenues



F09

- Total Revenue up 15% to \$694.7 million (after \$17.1 million FX contracts loss)
- Sales - before FX contracts - up 23% to \$711.8 million
- Sales in constant currency (ie local currency) up 10%

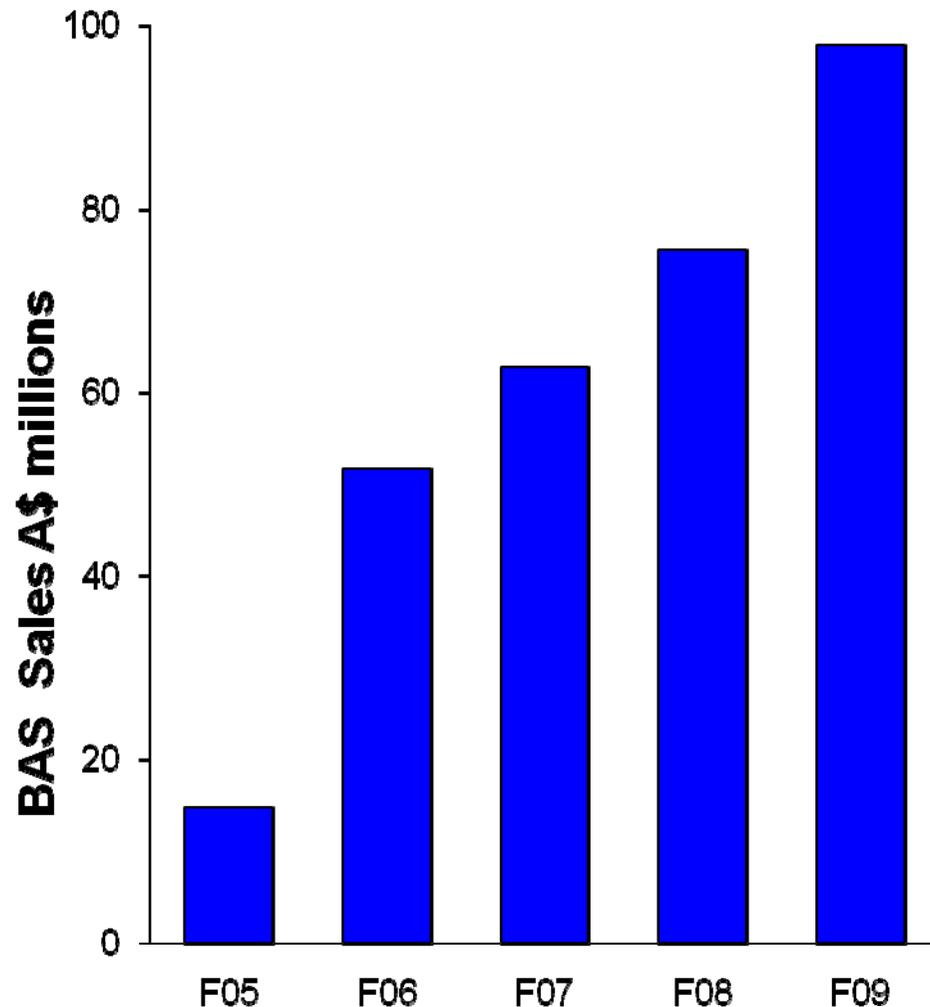
Cochlear: 5 year CI Sales



F09

- Cochlear implant/hybrid sales of \$614 million, an increase of 22% (7% in constant currency)
- Cochlear implant (CI) unit sales of 18,553, up 2%
- CI surgeries (from implant registrations) up 11%

Cochlear: 5 year BAS Sales



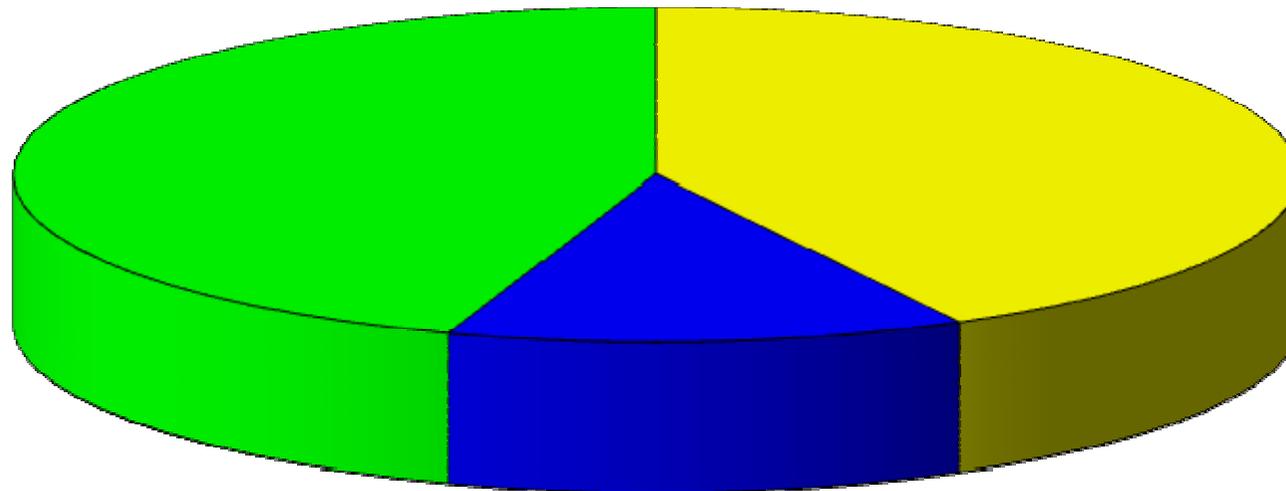
F09

- Bone Anchored Solutions (BAS) sales of \$97.8 million, an increase of 29% (17% in constant currency)
- Next generation sound processor (Cochlear Baha BP100) launched 6/09

F09 Regional Split of Sales and Constant Currency (CC) Growth

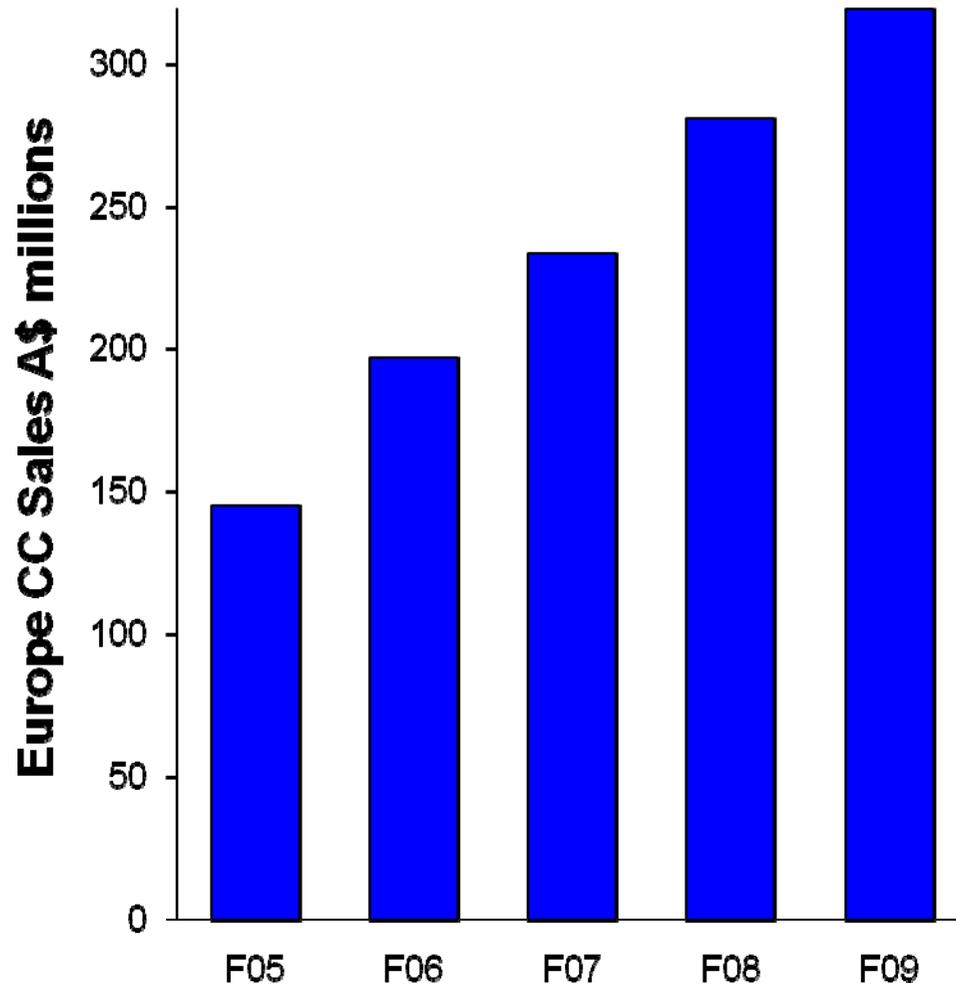
Europe
45%
CC growth ↑ 14%

Americas
42%
CC growth ↑ 10%



Asia-Pacific
13%
CC growth ↓ 5 %

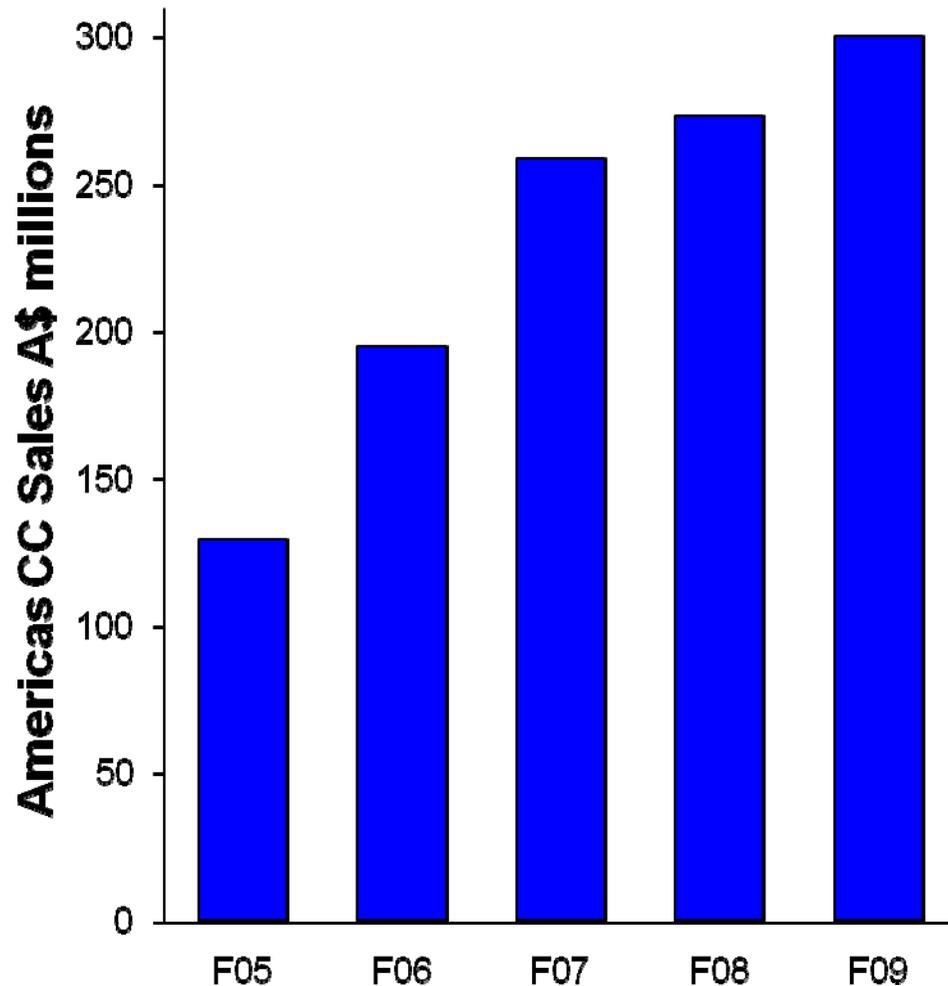
Europe: 5 year sales in Constant Currency (CC)



F09

- Europe sales \$318.9 million up 24% (up 14% in constant currency)
- UK NICE guidelines for CI (including simultaneous bilateral for children) became effective late in H2

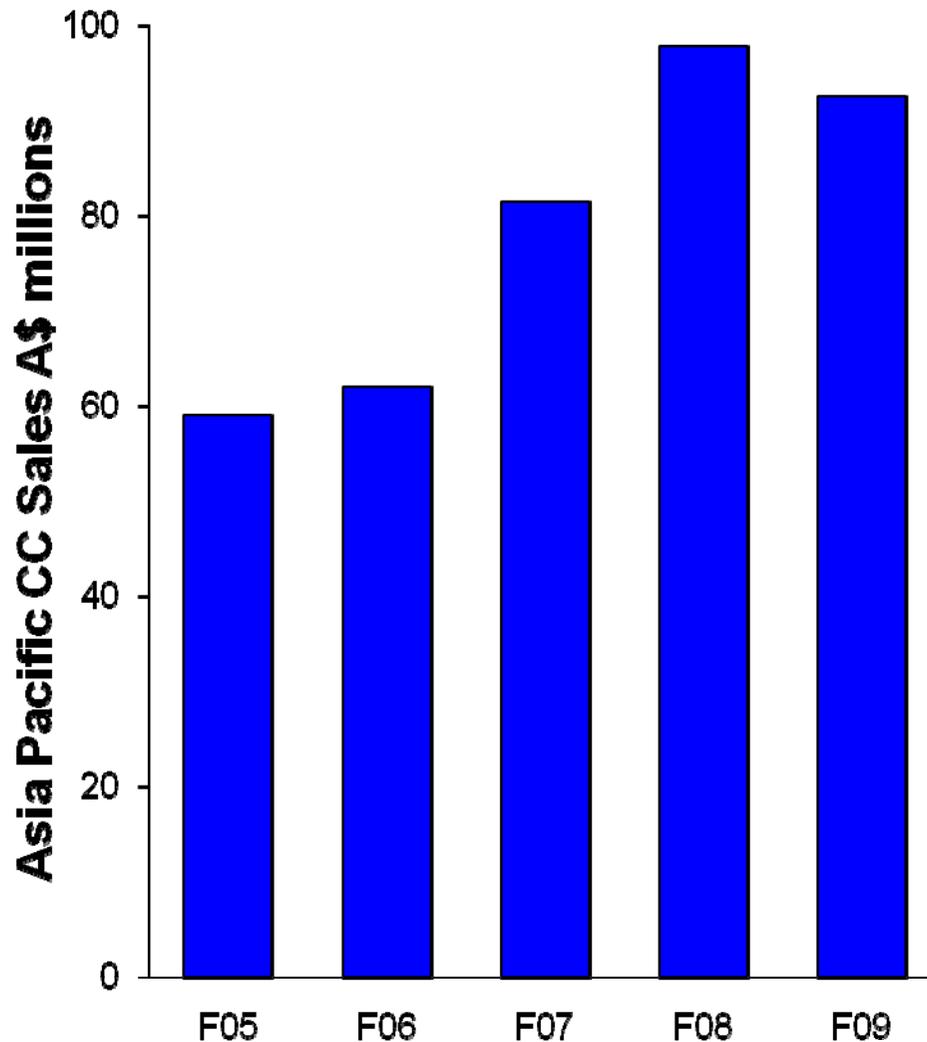
Americas: 5 year sales in Constant Currency (CC)



F09

- Americas sales \$300.4 million up 29% (up 10% in constant currency)
- Baha BP100 launched at the start of F10
- Awaiting FDA approval of Cochlear Nucleus 5

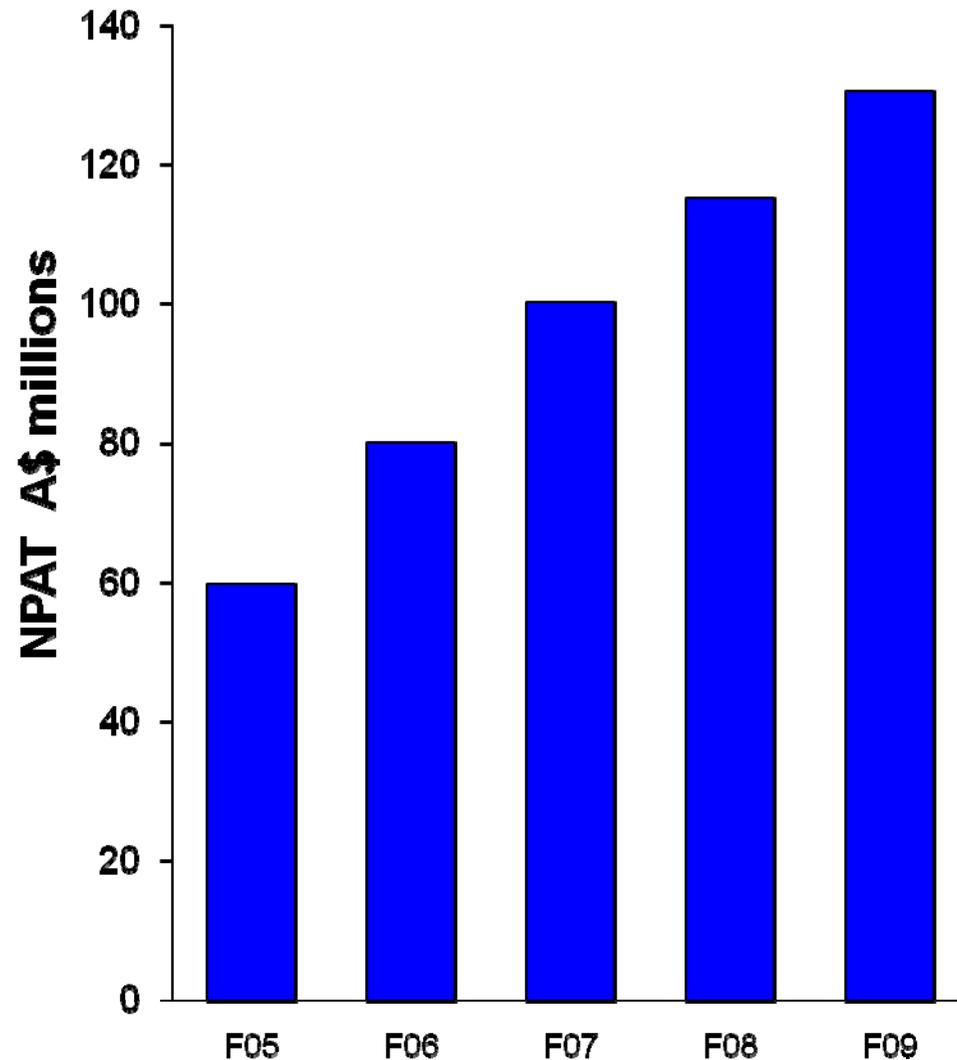
Asia Pacific: 5 Year sales in Constant Currency (CC)



F09

- Asia-Pacific sales \$92.5 million up 2% (down 5% in constant currency)
- No CI sales for China donation (700 units in F08) –negative unit growth for Asia-Pacific
- Approval in Japan for Nucleus Freedom – launched 6/09

Cochlear: 5 year Net Profit After Tax

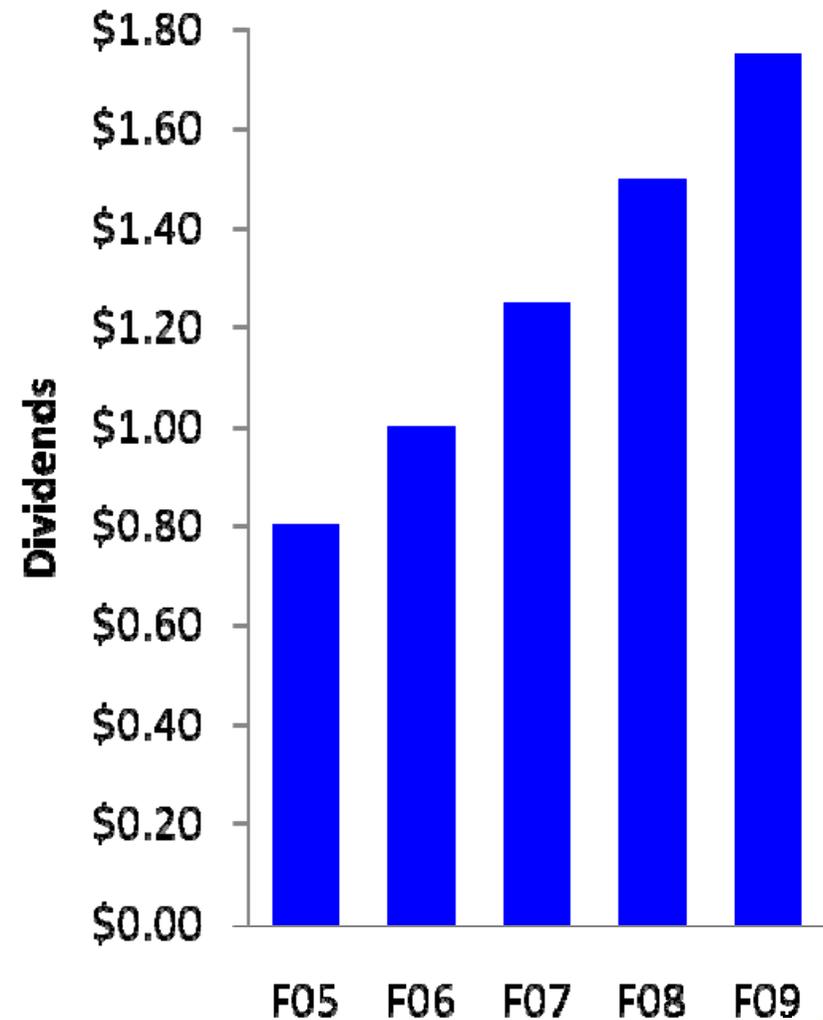


F09

- Net Profit After Tax of \$130.5 million, up 13%
- EBIT of \$183.3 million up 10% (26.4% of revenues)
- R&D up 21% as we bring Nucleus 5 and BP100 to market

Dividends and Free Cash Flow

- Free cash flow (FCF) of \$111 million up 61%
- Net debt reduced by \$25 million to \$109 million
- Final year dividend increased by 19% to 95cps, for a full year dividend of \$1.75 (up 17%) – fully franked



Cochlear Baha BP100



- Improved hearing performance, through advanced automatic signal processing
- Amplification strategies designed for bone conduction hearing
- Increased fitting accuracy through simple to use fitting options
- Improved usability and durability, through new design features
- Improved transducer stability with new suspension and mechanical stops to limit risk of collapse

Hear now. And always



Cochlear™ Nucleus® 5

Introducing a new benchmark
in hearing performance



Hear now. And always

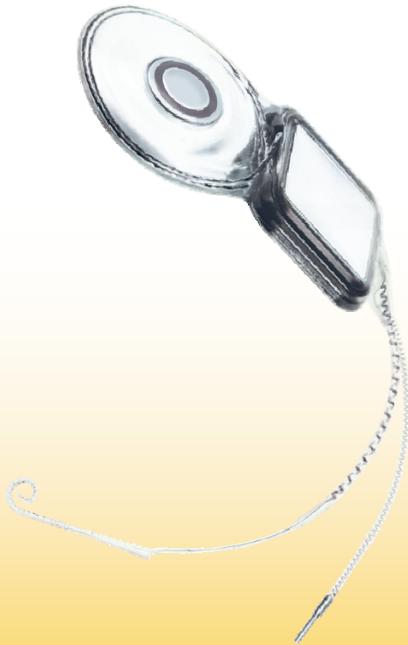


Introducing

Cochlear™ Nucleus® 5 system

NEW

Nucleus CI512
Cochlear Implant



NEW

Nucleus CP810
Sound Processor



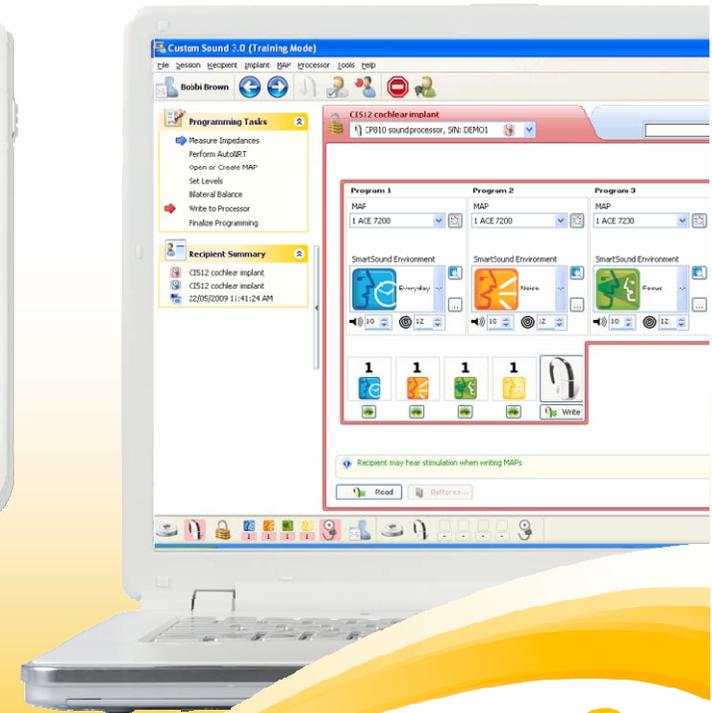
NEW

Nucleus CR110
Remote Assistant



NEW

Custom Sound™
Suite 3.0



Hear now. And always



Cochlear™ Nucleus® 5 system

Nucleus® CI512 Cochlear Implant



Thin. Strong. Precise.

Hear now. And always



Cochlear™

Nucleus® CI512 Cochlear Implant

Breakthrough in cochlear implant technology

Thin

WORLD'S THINNEST
COCHLEAR IMPLANT



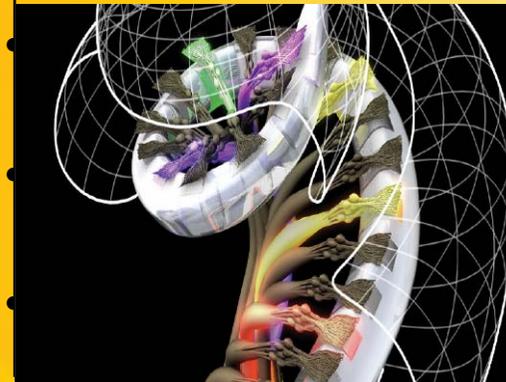
Strong

2.5 TIMES MORE
IMPACT RESISTANT*



Precise

PRECISION STIMULATION
FOR LEADING PERFORMANCE



* Compared to our previous generation Nucleus® implant - Nucleus Freedom™

Hear now. And always



Nucleus® CP810 Sound Processor

Sophisticated design and technology made simple

Performance



microphones

Design



Confidence



Hear now. And always



Cochlear™ Nucleus® 5 system

Cochlear™ Nucleus® CR110 Remote Assistant

NEW



Monitor. Control. Manage.

Hear now. And always



Nucleus® CR110 Remote Assistant

Control/Monitor/Manage

Only **one** remote assistant to manage **two** sound processors simultaneously

BILATERAL CONTROL



Pipeline of Opportunities

Cochlear Hybrid

- Combined electrical & acoustic stimulation for low frequency residual hearing
- European controlled market release
- Over 80 surgeons now trained on this system



Future Technologies

- Direct Acoustic Cochlear Stimulation (DACS) – first human implant in F10
- New electrodes in clinical trials (SRA & MRA)
- Investments in next generation IC chipset

Construction started on new facilities at Macquarie University



Cochlear F09 Overview

- Record financial results:
 - Revenue up 15% to \$694.7 million
 - NPAT up 13% to \$130.5 million
 - Core earnings up 12% to \$138.0 million
- Free cash flow up 61% to \$111 million
- As we enter F10...
 - Cochlear Baha BP100 being released
 - Cochlear Nucleus 5 being released



F09 Financial Results

Neville Mitchell



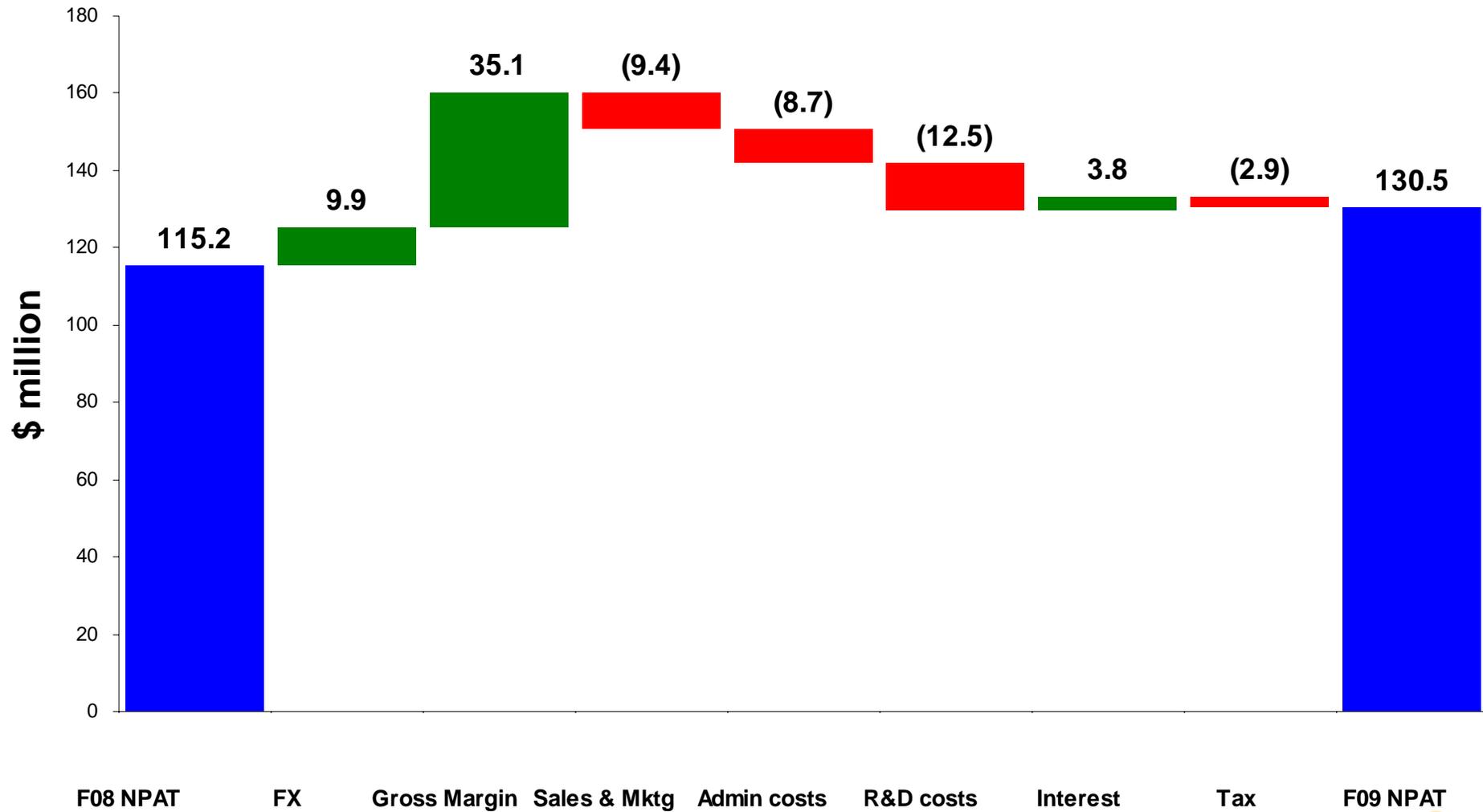
F09 Financial Performance

	F09	F08	%
	\$m	\$m	Change
Total Revenue	694.7	601.7	↑ 15%
NPAT	130.5	115.2	↑ 13%
Core Earnings	138.0	123.7	↑ 12%
Dividends			
Final Dividend	95c	80c	↑ 19%
Record Date 3 rd September 2009			
Payable Date 24 th September 2009			
Full Year (Interim and final)	175c	150c	↑ 17%
Franking	100%	100%	

F09 Core Earnings Calculations

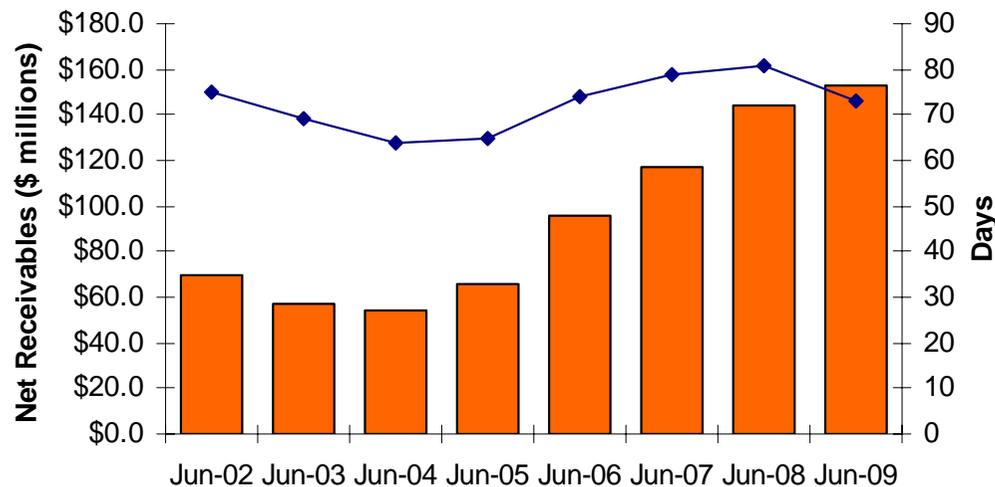
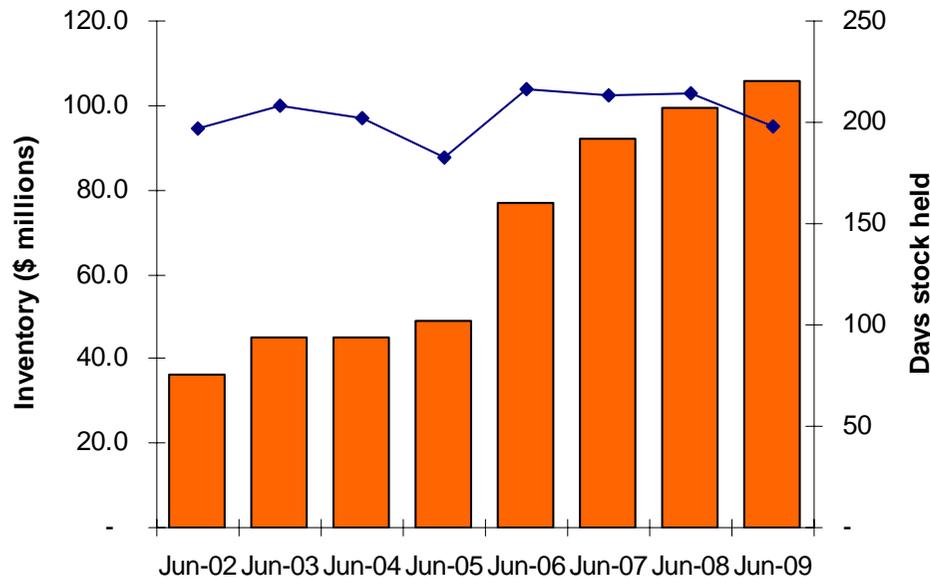
	F09	F08
	\$m	\$m
NPAT	130.5	115.2
Adjustment items (after tax)		
• Net R&D (capitalisation & amortisation)	0.1	1.2
• Acquired intangible amortisation	2.5	2.6
• Share based compensation	4.9	4.7
Total adjustments	7.5	8.5
Core earnings	138.0	123.7

F08 – F09 NPAT Reconciliation



F09 Working Capital

Inventory (Days Stock Held) / Debtors Days Outstanding



- F09 Inventory at 198 days, \$105.9m
- Decrease in debtor days from 81 to 73
- F09 debtors at \$153.3m (F08 \$143.8)

F09 Debt

	30 June 2009	30 June 2008
	\$m	\$m
Loans and Borrowings		
Current	-	15.4
Non-current	188.6	154.6
Total Debt	188.6	170.0
Net Debt	108.6	133.3
Gearing ratio (net debt / net debt + equity)	23%	30%

New 3 year facility for \$300m negotiated to 2012

Foreign Exchange

Rates applied F09 vs. F08

	F09	F08	%
Average rates (used for translating P&L)			
USD	0.76	0.90	(15%)
Euro	0.55	0.61	(11%)
JPY	75.9	99.3	(24%)
GBP	0.47	0.45	4%
Contract rates (used to bring FX to Aust)			
USD	0.81	0.80	1%
Euro	0.51	0.59	(13%)
JPY	103.0	84.3	22%

Foreign Exchange

Period end rates applied F09 vs. F08

	30 June 2009	30 June 2008	% change
<hr/>			
Period end rates (used for translating Bal Sheet)			
USD	0.81	0.96	(15%)
Euro	0.57	0.61	(5%)
JPY	76.9	102.1	(25%)

FX Contract Cover and Rates as at 30 June 2009

Total FX cover at 30 June 2009	USD 264.4m	Euro 144.4m	JPY 1,418m	Total AUD 645.7m
% of total cover (in AUD)	55%	42%	3%	100%
3 yr weighted average rates FX contracts at 30 June 09	0.75	0.53	83.2	
FX contracts at 30 June 08	0.83	0.57	86.5	
F10 weighted average rates FX contracts at 30 June 09	0.78	0.55	86.2	
Cover for F10	142.2m	85.6m	1,043m	

F09 Net Finance Gain

	F09	F08
	\$m	\$m
Net finance income/ (expense)		
Interest (expense)	(7.1)	(10.6)
Net foreign exchange gain on translation of assets	8.7	4.7
Net finance income/(expense)	1.6	(5.9)

First half F09 net foreign exchange gain \$11.0m

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- Free cash flow up 61% to \$111 million
- As we enter F10...
 - Cochlear Baha BP100 being released
 - Cochlear Nucleus 5 being released



Thank you
Any questions?

F09 Core Earnings Reconciliation

	F09 \$m	F08 \$m
Earnings before interest and tax	183.3	167.3
<i>Core earnings adjustments pre-tax</i>		
• R&D	0.1	1.7
• Acquired intangible amortisation	2.5	2.6
• Share based compensation	4.9	4.7
Core EBIT	190.8	176.3
Net interest	(7.1)	(10.6)
Core tax expense	(45.7)	(42.0)
Core NPAT	138.0	123.7