



Company	Cochlear Limited
Code	COH
Meeting	AGM
Date	20 October 2020, 10 am AEDT
Venue	Online
Monitor	Patricia Beal, assisted by Chandra Agnihotri

Number attendees at meeting	48 shareholders, 1 proxy holder and 73 visitors
Number of holdings represented by ASA	191
Value of proxies	\$36m
Number of shares represented by ASA	163,193 (equivalent to 12th largest holder in Top 20 list)
Market capitalisation	\$14.6 Billion – on day of meeting
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chairman Rick Holliday-Smith and Kristina Devon (Investor Relations)

Cochlear up for the next 100 years

Like many other companies, COH held the AGM using online platform (Lumi). The meeting went smoothly without any technical glitches. Key executives of COH attended in person while most attended virtually including auditors. Generally it was well managed AGM as is expected from a top company from ASX. It lasted for one and three quarter hours.

A webcast recording, and the AGM addresses of chair and CEO are available from the website.

Chairman Rick Holliday-Smith mentioned the very long term mission of the company, then dealt with how FY20 had progressed. It started reasonably well, but there was a sudden stop to elective surgery early in H2, with the complete stoppage in sales of implants. Around the same time, the result of the litigation lawsuit was adverse. There was no certainty when “normal” operations could resume. Yet the company also had to keep its skilled and talented staff so operations, and revenue, could resume in due course. Likewise the continual investment in R & D must continue.

These two blows meant the company had to respond quickly if it wished to fulfil its mission of being around to service cochlear implants in new babies now and for the next 100 years. At this time, financial markets were very uncertain, so it was very difficult to get an initial taker for the capital raising required. No Australian group would start the ball rolling, Veritas (already known to COH as a shareholder) being the only one interested, even at the low price of \$140. Then others followed, and they received proportional allocations. The initial offer to shareholders was low, but it was always stated that this could be increased on demand. When the offer had closed with high demand, it was markedly increased. Applicants were treated proportionally, up to the legal limit per shareholder of \$30k - large shareholders being the main losers. And the overall proportion of individual shareholders to corporate holders was preserved.

Both the Australian Government’s R & D tax incentive and a new independent consensus guideline on treatment of deafness in seniors (a growing market, and indeed recognised as such by COH for some years) will considerably help the company.

With the need for a capital raising, there were extra board meetings, and it would have been a busy time for all directors of companies. Board renewal was also dealt with, and the new directors were acknowledged. Diversity in both board and senior management were mentioned.

CEO Dig Howitt described the current extensive range of devices, for both cochlear and bone implants. A long term process has led to various improvements. One new feature is remote checking and this will be very useful in times of Covid. Also tools for audiologists and surgeons to improve outcomes.

Both chair and CEO commended the staff for their commitment under difficult circumstances, noting that no incentives were paid at this time.

Q1 results were announced, with revenues approaching normal in some areas. There were differences in different countries, reflecting various recoveries from the pandemic at this stage. Consequently, no long term forecasts were given, but more trading updates promised. Emerging markets are faring worse at this stage, but some European areas also lagging.

ASA did question diversity, of both board and senior management, and when the targets set might be achieved. It was interesting to find out that, of the 4000 staff, around 1 in 12 were in the “senior leaders” category, where the aim is 40% female. There are staff in very many countries, so it indicates a leadership structure in each, to varying extents, and the identification and training of future leadership candidates. We also commended the company for its expansion of the SPP offer.

Other questions were by several others, including past monitor Dan Steiner: re legal advice around the issue, also whether there might be need of an increase in the directors fee pool (no, as it was mainly to allow overlap during changes at this stage).

One commenter said that he had expected to have his SPP application cut back, so had only submitted \$10k rather than the \$30k allowed - and so been cut back more than if he had applied for more! He received an apology from chairman Rick, as applications was proportional to number of shares held, but limited by amount tendered.

Elections for board: Prof Robinson received a vote of only 87%, perhaps because of length of tenure. Other current directors had around 98% support, as did other board-supported resolutions.

Stephen Mayne was permitted a recorded message, and he argued that shareholders were disadvantaged by the raising. He received only 5.9% support.