



PRESS RELEASE

The Cooper Companies Announces Second Quarter 2019 Results

PLEASANTON, Calif., May 30, 2019 — The Cooper Companies, Inc. (NYSE: COO) today announced financial results for the fiscal second quarter ended April 30, 2019.

- Revenue increased 4% year-over-year to \$654.3 million. CooperVision (CVI) revenue up 4% to \$484.2 million, and CooperSurgical (CSI) revenue up 4% to \$170.1 million.
- GAAP diluted earnings per share \$2.45, up 99.4% from last year's second quarter.
- Non-GAAP diluted earnings per share \$2.94, up 8 cents or 2.6% from last year's second quarter. See "Reconciliation of GAAP Results to Non-GAAP Results" below.

Commenting on the results, Albert White, Cooper's president and chief executive officer said, "This was another solid quarter as our momentum continued in both CooperVision and CooperSurgical. We are very encouraged by our business trends and believe our strategies will continue to drive success."

Second Quarter Operating Results

- Revenue \$654.3 million up 4% from last year's second quarter, up 7% pro forma.
- Gross margin 66% compared with 64% in last year's second quarter. On a non-GAAP basis, gross margin was 67% compared with 68% last year driven primarily by the negative impact of currency.

- Operating margin 22% compared with 12% in last year's second quarter. On a non-GAAP basis, operating margin was 27% compared with 29% last year driven primarily by the negative impact of currency along with higher company-wide investments in selling and marketing.
- Interest expense \$18.5 million compared with \$18.7 million in last year's second quarter.
- Total debt decreased \$205.5 million from January 31, 2019, to \$1,926.9 million primarily due to debt paydown from operational cash flow generation.
- Cash provided by operations \$214.8 million offset by capital expenditures \$52.7 million resulted in free cash flow of \$162.1 million, up 30% year-over-year.

Second Quarter CooperVision (CVI) Operating Results

- Revenue \$484.2 million, up 4% from last year's second quarter, up 8% pro forma.
- Revenue by category:

	(In millions)	% of CVI Revenue	%chg	Pro forma %chg
	2Q19	2Q19	y/y	y/y
Toric	\$ 155.3	32%	3%	7%
Multifocal	49.7	10%	1%	6%
Single-use sphere	135.3	28%	9%	14%
Non single-use sphere, other	143.9	30%	1%	4%
Total	<u>\$ 484.2</u>	<u>100%</u>	4%	8%

- Revenue by geography:

	(In millions)	% of CVI Revenue	%chg	Pro forma %chg
	2Q19	2Q19	y/y	y/y
Americas	\$ 193.4	40%	5%	5%
EMEA	181.1	37%	(1)%	8%
Asia Pacific	109.7	23%	9%	14%
Total	<u>\$ 484.2</u>	<u>100%</u>	4%	8%

- Gross margin 66% compared with 67% in last year's second quarter. On a non-GAAP basis, gross margin was 66% compared with 68% last year driven by the negative impact of currency.

Second Quarter CooperSurgical (CSI) Operating Results

- Revenue \$170.1 million, up 4% from last year's second quarter, up 6% pro forma.
- Revenue by category:

	(In millions)	% of CSI Revenue	%chg	Pro forma %chg
	2Q19	2Q19	y/y	y/y
Office and surgical products	\$ 105.7	62%	8%	7%
Fertility	64.4	38%	(2)%	5%
Total	\$ 170.1	100%	4%	6%

- Gross margin 67% compared with 57% in last year's second quarter driven primarily by PARAGARD® inventory step-up charges in the prior year. On a non-GAAP basis, gross margin was 70% compared with 71% last year driven primarily by operational inefficiencies and challenges associated with the transfer of production to our new site in Costa Rica.

Fiscal Year 2019 Guidance

The Company updated its fiscal year 2019 guidance. Details are summarized as follows:

- Fiscal 2019 total revenue \$2,633 - \$2,667 million
 - CVI revenue \$1,964 - \$1,985 million
 - CSI revenue \$669 - \$682 million
- Fiscal 2019 non-GAAP diluted earnings per share of \$12.15 - \$12.35

Non-GAAP diluted earnings per share guidance excludes amortization and impairment of intangible assets, and other exceptional or unusual income or gains and charges or expenses including acquisition, integration and manufacturing related costs which we may incur as part of our continuing operations.

With respect to the Company's guidance expectations, the Company has not reconciled non-GAAP diluted earnings per share guidance to GAAP diluted earnings per share due to the inherent difficulty in forecasting acquisition-related, integration and restructuring charges and expenses, which are reconciling items between the non-GAAP and GAAP measure. Due to the unknown effect, timing and

potential significance of such charges and expenses that impact GAAP diluted earnings per share, the Company is not able to provide such guidance.

Reconciliation of GAAP Results to Non-GAAP Results

To supplement our financial results and guidance presented on a GAAP basis, we use non-GAAP measures that we believe are helpful in understanding our results. The non-GAAP measures exclude costs which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Our non-GAAP financial results and guidance are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Management uses supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the factors management uses in planning and forecasting for future periods. We believe it is useful for investors to understand the effects of these items on our consolidated operating results. Our non-GAAP financial measures may include the following adjustments, and as appropriate, the related income tax effects and changes in income attributable to noncontrolling interests:

- We exclude the effect of amortization and impairment of intangible assets from our non-GAAP financial results. Amortization of intangible assets will recur in future periods; however, the amounts are affected by the timing and size of our acquisitions. Impairment of intangible assets is a non-recurring cost.
- We exclude the effect of acquisition and integration expenses and the effect of restructuring expenses from our non-GAAP financial results. Such expenses generally diminish over time with respect to past acquisitions; however, we generally will incur similar expenses in connection with any future acquisitions. We incurred significant expenses in connection with our acquisitions and also incurred certain other operating expenses or income, which we generally would not have otherwise incurred in the periods presented as a part of our continuing operations. Acquisition and integration expenses include items such as personnel costs for transitional employees, other acquired employee related costs and integration related professional services. Restructuring expenses include items such as employee severance, product rationalization, facility and other exit costs.

- We exclude other exceptional or unusual charges or expenses and gains or income. These can be variable and difficult to predict, such as certain litigation expenses and product transition costs, and are not what we consider as typical of our continuing operations. Investors should consider non-GAAP financial measures in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.
- We report revenue growth using the non-GAAP financial measure of pro forma which includes constant currency revenue and revenue from acquisitions and excludes CooperSurgical product line exits in both periods. Management also presents and refers to constant currency information so that revenue results may be evaluated excluding the effect of foreign currency rate fluctuations. To present this information, current period revenue for entities reporting in currencies other than the United States dollar are converted into United States dollars at the average foreign exchange rates for the corresponding period in the prior year.
- We define the non-GAAP measure of free cash flow as cash provided by operating activities less capital expenditures. We believe free cash flow is useful for investors as an additional measure of liquidity because it represents cash flows that are available for repayment of debt, repurchases of our common stock or to fund our strategic initiatives. Management uses free cash flow internally to understand, manage, make operating decisions and evaluate our business. In addition, we use free cash flow to help plan and forecast future periods.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES							
Reconciliation of Selected GAAP Results to Non-GAAP Results							
(In millions, except per share amounts)							
(Unaudited)							
	Three Months Ended April 30,						
	2019		2019		2018		2018
	GAAP	Adjustment	Non-GAAP		GAAP	Adjustment	Non-GAAP
Cost of sales	\$ 221.7	\$ (7.6) A	\$ 214.1		\$ 226.8	\$ (26.8) A	\$ 200.0
Operating expense excluding amortization, impairment, and gain on sale of an intangible	\$ 267.8	\$ (5.1) B	\$ 262.7		\$ 268.7	\$ (17.6) B	\$ 251.1
Amortization of intangibles	\$ 36.9	\$ (36.9) C	\$ —		\$ 36.7	\$ (36.7) C	\$ —
Impairment of intangibles	\$ —	\$ —	\$ —		\$ 24.4	\$ (24.4) D	\$ —
Gain on sale of an intangible	\$ (19.0)	\$ 19.0 E	\$ —		\$ —	\$ —	\$ —
Provision (benefit) for income taxes	\$ 5.7	\$ 6.3 F	\$ 12.0		\$ (6.9)	\$ 24.4 F	\$ 17.5
Diluted earnings per share	\$ 2.45	\$ 0.49	\$ 2.94		\$ 1.23	\$ 1.63	\$ 2.86
Weighted average diluted shares used	50.0		50.0		49.6		49.6

- A Fiscal 2019 GAAP cost of sales includes \$7.6 million of costs primarily related to acquisitions, integration and other manufacturing related costs, resulting in fiscal 2019 GAAP gross margin of 66% as compared to fiscal 2019 non-GAAP gross margins of 67%. Fiscal 2018 GAAP cost of sales includes \$26.8 million of costs primarily related to PARAGARD inventory step-up release, manufacturing start-up, product transition costs and other integration costs, resulting in fiscal 2018 GAAP gross margin of 64% as compared to fiscal 2018 non-GAAP gross margin of 68%.
- B Fiscal 2019 GAAP operating expense comprised of \$5.1 million primarily related to integration activities in CooperSurgical and CooperVision. Fiscal 2018 GAAP operating expense comprised of \$17.6 million in charges primarily due to acquisition and integration activities in CooperSurgical and CooperVision and compensation costs relating to executives' retirements.
- C Amortization expense was \$36.9 million and \$36.7 million for the fiscal 2019 and 2018 periods, respectively.
- D Fiscal 2018 GAAP results includes an impairment charge of intangible assets associated with carrier screening acquired from Recombine in CooperSurgical.
- E Fiscal 2019 gain on sale of an intangible asset relates to a gain recognized in CooperSurgical on the sale of an exclusive distribution right of Filshie Clip System. Items A, B, C, D and E resulted in fiscal 2019 GAAP operating margin of 22% as compared to fiscal 2019 non-GAAP operating margin of 27%, and fiscal 2018 GAAP operating margin of 12% as compared to fiscal 2018 non-GAAP operating margin of 29%.
- F Fiscal 2019 represents the net change in the provision for income taxes that arise from the impact of the above adjustments. Fiscal 2018 represents the net change in the benefit for income taxes that arise from the impact of the above adjustments.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES								
Reconciliation of Selected GAAP Results to Non-GAAP Results								
(In millions, except per share amounts)								
(Unaudited)								
	Six Months Ended April 30,							
	2019		2019		2018		2018	
	GAAP	Adjustment	Non-GAAP	GAAP	Adjustment	Non-GAAP	GAAP	Non-GAAP
Cost of sales	\$ 431.3	\$ (13.0) A	\$ 418.3	\$ 445.9	\$ (54.4) A	\$ 391.5		
Operating expense excluding amortization, impairment and gain on sale of an intangible	\$ 538.8	\$ (17.0) B	\$ 521.8	\$ 513.5	\$ (26.6) B	\$ 486.9		
Amortization of intangibles	\$ 73.5	\$ (73.5) C	\$ —	\$ 72.7	\$ (72.7) C	\$ —		
Impairment of intangibles	\$ —	\$ —	\$ —	\$ 24.4	\$ (24.4) D	\$ —		
Gain on sale of an intangible	\$ (19.0)	\$ 19.0 E	\$ —	\$ —	\$ —	\$ —		
Interest Expense	\$ 36.6	\$ —	\$ 36.6	\$ 37.1	\$ (1.7) F	\$ 35.4		
(Benefit) provision for income taxes	\$ (3.6)	\$ 19.4 G	\$ 15.8	\$ 190.4	\$ (162.0) G	\$ 28.4		
Diluted earnings (loss) per share	\$ 4.52	\$ 1.30	\$ 5.82	\$ (1.26)	\$ 6.91	\$ 5.65		
Weighted average diluted shares used	49.9		49.9	49.0		49.6		

- A Fiscal 2019 GAAP cost of sales includes \$13.0 million of costs primarily related to acquisitions, integration and other manufacturing related costs, resulting in fiscal 2019 GAAP gross margin of 66%, as compared to fiscal 2019 non-GAAP gross margin of 67%. Fiscal 2018 GAAP cost of sales includes \$9.9 million of costs in CooperVision primarily related to product transition write off costs, incremental costs associated with the impact of Hurricane Maria and other manufacturing integration costs; \$44.5 million in CooperSurgical primarily related to PARAGARD inventory step-up release, manufacturing start-up and other integration costs, resulting in fiscal 2018 GAAP gross margin of 63%, as compared to fiscal 2018 non-GAAP gross margin of 68%.
- B Fiscal 2019 GAAP operating expense comprised of \$17.0 million in charges primarily related to acquisition and integration activities in CooperSurgical and CooperVision. Fiscal 2018 GAAP operating expense comprised of \$26.6 million in charges primarily related to acquisition and integration activities in CooperSurgical and CooperVision and compensation costs related to executives' retirements.
- C Amortization expense was \$73.5 million and \$72.7 million for the fiscal 2019 and 2018 periods, respectively.
- D Fiscal 2018 GAAP results includes an impairment charge of intangible assets associated with carrier screening acquired from Recombine in CooperSurgical.
- E Fiscal 2019 gain on sale of an intangible asset relates to a gain recognized in CooperSurgical on the sale of an exclusive distribution right of Filshie Clip System. Items A, B, C, D and E resulted in fiscal 2019 GAAP operating margin of 20% as compared to fiscal 2019 non-GAAP operating margin of 27%, and fiscal 2018 GAAP operating margin of 13% as compared to fiscal 2018 non-GAAP operating margin of 28%.
- F This amount represents bridge loan termination fees related to CooperSurgical's PARAGARD acquisition.
- G Fiscal 2019 represents the net change in the benefit for income taxes that arise from the impact of the above adjustments and a \$4.4 million provision representing the final adjustment related to the tax reform accrual booked in fiscal 2018. Fiscal 2018 GAAP provision for income taxes includes a \$(202.0) million U.S. tax reform impact and \$40.0 million of net changes in the provision for income taxes that arise from the impact of the above adjustments.

Conference Call and Webcast

The Company will host a conference call today at 5:00 PM ET to discuss its fiscal second quarter 2019 financial results and current corporate developments. The live dial-in number for the call is 855-643-4430 (U.S.) / 707-294-1332 (International). The participant passcode for the call is "Cooper". A simultaneous webcast of the call will be available through the "Investor Relations" section of The Cooper Companies' website at <http://investor.coopercos.com> and a transcript of the call will be archived on this site for a minimum of 12 months. A recording of the call will be available beginning at 8:00 PM ET on May 30, 2019 through June 6, 2019. To hear this recording, dial 855-859-2056 (U.S.) / 404-537-3406 (International) and enter code 266737.

About The Cooper Companies

The Cooper Companies, Inc. ("Cooper") is a global medical device company publicly traded on the NYSE (NYSE:COO). Cooper operates through two business units, CooperVision and CooperSurgical. CooperVision brings a refreshing perspective on vision care with a commitment to developing a wide range of high-quality products for contact lens wearers and providing focused practitioner support.

CooperSurgical is committed to advancing the health of women, babies and families with its diversified portfolio of products and services focusing on medical devices and fertility & genomics. Headquartered in Pleasanton, CA, Cooper has more than 12,000 employees with products sold in over 100 countries. For more information, please visit www.coopercos.com.

Forward-Looking Statements

This earnings release contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Statements relating to guidance, plans, prospects, goals, strategies, future actions, events or performance and other statements of which are other than statements of historical fact, including our 2019 Guidance and all statements regarding acquisitions including the acquired companies' financial position, market position, product development and business strategy, expected cost synergies, expected timing and benefits of the transaction, difficulties in integrating entities or operations, as well as estimates of our and the acquired entities' future expenses, sales and diluted earnings per share are forward-looking. In addition, all statements regarding anticipated growth in our revenue, anticipated effects of any product recalls, anticipated market conditions, planned product launches and expected results of operations and integration of any acquisition are forward-looking. To identify these statements look for words like "believes," "outlook," "probable," "expects," "may," "will," "should," "could," "seeks," "intends," "plans," "estimates" or "anticipates" and similar words or phrases. Forward-looking statements necessarily depend on assumptions, data or methods that may be incorrect or imprecise and are subject to risks and uncertainties.

Among the factors that could cause our actual results and future actions to differ materially from those described in forward-looking statements are: adverse changes in global political and economic conditions, and related uncertainty caused the United Kingdom's election to withdraw from the European Union and its potential impact on, among other things, the movement of goods and materials in our supply chain, additional regulatory approvals and requirements, and increased tariffs and duties; adverse changes in the global or regional general business, political and economic conditions, including the impact of continuing uncertainty and instability of certain countries, such as China, that could adversely affect our global markets, and the potential adverse economic impact and related uncertainty caused by these items, including but not limited to, escalating global trade barriers including additional tariffs; foreign currency exchange rate and interest rate fluctuations including the

risk of fluctuations in the value of foreign currencies or interest rates that would decrease our revenues and earnings; changes in tax laws or their interpretation and changes in statutory tax rates, including but not limited to, the U.S., the United Kingdom and other countries may affect our taxation of earnings recognized in foreign jurisdictions and/or negatively impact our effective tax rate; our existing indebtedness and associated interest expense, most of which is variable and impacted by rate increases, which could adversely affect our financial health or limit our ability to borrow additional funds; acquisition-related adverse effects including the failure to successfully obtain the anticipated revenues, margins and earnings benefits of acquisitions, integration delays or costs and the requirement to record significant adjustments to the preliminary fair value of assets acquired and liabilities assumed within the measurement period, required regulatory approvals for an acquisition not being obtained or being delayed or subject to conditions that are not anticipated, adverse impacts of changes to accounting controls and reporting procedures, contingent liabilities or indemnification obligations, increased leverage and lack of access to available financing (including financing for the acquisition or refinancing of debt owed by us on a timely basis and on reasonable terms); compliance costs and potential liability in connection with U.S. and foreign laws and health care regulations pertaining to privacy and security of third-party information, such as HIPAA in the U.S. and the General Data Protection Regulation requirements in Europe, including but not limited to those resulting from data security breaches; a major disruption in the operations of our manufacturing, accounting and financial reporting, research and development, distribution facilities or raw material supply chain due to integration of acquisitions, natural disasters or other causes; a major disruption in the operations of our manufacturing, accounting and financial reporting, research and development or distribution facilities due to technological problems, including any related to our information systems maintenance, enhancements or new system deployments, integrations or upgrades; disruptions in supplies of raw materials, particularly components used to manufacture our silicone hydrogel lenses; new U.S. and foreign government laws and regulations, and changes in existing laws, regulations and enforcement guidance, which affect areas of our operations including, but not limited to, those affecting the health care industry including the contact lens industry specifically and the medical device or pharmaceutical industries generally; legal costs, insurance expenses, settlement costs and the risk of an adverse decision, prohibitive injunction or settlement related to product liability, patent infringement or other litigation; limitations on sales following product introductions due to poor market acceptance; new

competitors, product innovations or technologies, including but not limited to, technological advances by competitors, new products and patents attained by competitors, and competitors' expansion through acquisitions; reduced sales, loss of customers and costs and expenses related to product recalls and warning letters; failure to receive, or delays in receiving, regulatory approvals for products; failure of our customers and end users to obtain adequate coverage and reimbursement from third party payors for our products and services; the requirement to provide for a significant liability or to write off, or accelerate depreciation on, a significant asset, including goodwill, other intangible assets and idle manufacturing facilities and equipment; the success of our research and development activities and other start-up projects; dilution to earnings per share from acquisitions or issuing stock; impact and costs incurred from changes in accounting standards and policies; environmental risks, including increasing environmental legislation and the broader impacts of climate change; and other events described in our Securities and Exchange Commission filings, including the "Business" and "Risk Factors" sections in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2018, as such Risk Factors may be updated in quarterly filings.

We caution investors that forward-looking statements reflect our analysis only on their stated date. We disclaim any intent to update them except as required by law.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(In millions)

(Unaudited)

	<u>April 30,</u> <u>2019</u>	<u>October 31,</u> <u>2018</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 104.6	\$ 77.7
Trade receivables, net	396.2	374.7
Inventories	493.1	468.8
Other current assets	142.7	169.7
Total current assets	<u>1,136.6</u>	<u>1,090.9</u>
Property, plant and equipment, net	1,032.7	976.0
Goodwill	2,438.5	2,392.1
Other intangibles, net	1,474.1	1,521.3
Deferred tax assets	60.1	58.4
Other assets	61.4	74.1
	<u>\$ 6,203.4</u>	<u>\$ 6,112.8</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 454.6	\$ 37.1
Other current liabilities	486.3	499.4
Total current liabilities	<u>940.9</u>	<u>536.5</u>
Long-term debt	1,472.3	1,985.7
Deferred tax liabilities	33.3	31.0
Long-term tax payable	124.8	141.5
Accrued pension liability and other	89.9	110.3
Total liabilities	<u>2,661.2</u>	<u>2,805.0</u>
Stockholders' equity	<u>3,542.2</u>	<u>3,307.8</u>
	<u>\$ 6,203.4</u>	<u>\$ 6,112.8</u>

THE COOPER COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Income (Loss)
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2019	2018	2019	2018
Net sales	\$ 654.3	\$ 631.3	\$ 1,282.4	\$ 1,221.3
Cost of sales	221.7	226.8	431.3	445.9
Gross profit	432.6	404.5	851.1	775.4
Selling, general and administrative expense	246.8	247.9	496.8	473.8
Research and development expense	21.0	20.8	42.0	39.7
Amortization of intangibles	36.9	36.7	73.5	72.7
Impairment of intangibles	—	24.4	—	24.4
Gain on sale of an intangible	(19.0)	—	(19.0)	—
Operating income	146.9	74.7	257.8	164.8
Interest expense	18.5	18.7	36.6	37.1
Other expense (income), net	0.3	2.0	(0.7)	(1.1)
Income before income taxes	128.1	54.0	221.9	128.8
Provision (benefit) for income taxes	5.7	(6.9)	(3.6)	190.4
Net income (loss) attributable to Cooper stockholders	\$ 122.4	\$ 60.9	\$ 225.5	\$ (61.6)
Earnings (loss) per share - diluted	\$ 2.45	\$ 1.23	\$ 4.52	\$ (1.26)
Number of shares used to compute diluted earnings (loss) per share	50.0	49.6	49.9	49.0

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