



## The Cooper Companies Reports Third Quarter Results

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Business Editors and Health/Medical Writers

LAKE FOREST, Calif.--(BUSINESS WIRE)--Aug. 29, 2001--

Revenue Grows 18 Percent

EPS from Ongoing Operations 67 Cents vs. 56 Cents

Worldwide CooperVision Revenue up 15 Percent,

17 Percent in Constant Currency

The Cooper Companies, Inc. (NYSE:COO) today reported results for its third fiscal quarter ended July 31, 2001.

-- Revenue \$60 million, 18 percent above third quarter 2000.

-- EPS from ongoing operations 67 cents versus 56 cents in third quarter 2000, (after adjusting for 3 cents of nonrecurring credits), up 20 percent; trailing twelve months \$2.31.

-- Cash flow per share (pretax income from continuing operations plus depreciation and amortization) \$1.04, up 13 percent from 92 cents in third quarter 2000; trailing twelve-months \$3.94.

Commenting on these results, Chief Executive Officer A. Thomas Bender, said, "Despite the economic slowdown, we had another strong quarter. Through nine months, Cooper is on track to deliver the results we have previously projected for fiscal 2001. I estimate that we will end the fiscal year from 15 to 18 percent ahead in revenue with earnings per share in the \$2.40 to \$2.43 range. CooperVision revenue should be between \$48 and \$49 million in the fourth quarter with CooperSurgical coming in between \$16 and \$17 million.

"For 2002, we expect revenue of about \$265 to \$275 million, and earnings to exceed \$3.00 per share, including an improvement of about 20 cents per share because, as a result of a new accounting principle, we will not amortize goodwill after 2001. Cash flow per share should be in the range of \$4.50 to \$4.70.

"I anticipate that CooperVision (CVI), our contact lens business, will grow this year's worldwide core revenue 15 to 18 percent over fiscal 2000. Over the next several years, I anticipate that total CVI revenue will grow in the mid-teens range driven by successful new product introductions, continued strong specialty lens sales in the U.S. and strong international performance, especially in Europe and Japan.

CooperSurgical (CSI), our women's health business, continues to build a strong franchise, with five new product lines added through acquisition or marketing alliances in the past twelve months. Medscand, our most recent acquisition, closed yesterday. Medscand, who provides specimen collection devices used in the detection of cervical cancer, fits well with our existing product offerings in office-based women's healthcare. CSI revenue is now running at an annual rate approaching \$70 million and I believe that we are on track to reach our goal of \$100 million within the next two or three years.

Business Unit P&L Highlights (\$'s in millions)

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Three Months Ended July 31,

	Revenue			Operating Income				
	2001	2000	% Inc.	2001(a)	2000	% Inc.	%Revenue 2001	%Revenue 2000
CVI	\$45.0	\$39.3	15%	\$13.2	\$13.3	-1%	29%	34%
CSI	15.0	11.6	28%	2.6	1.6	67%	17%	13%
Subtotal	60.0	50.9	18%	15.8	14.9	6%	26%	29%
HQ Expense	-	-	-	(1.8)	(1.9)	-	-	-
<b>TOTAL</b>	<b>\$60.0</b>	<b>\$50.9</b>	<b>18%</b>	<b>\$14.0</b>	<b>\$13.0</b>	<b>7%</b>	<b>23%</b>	<b>26%</b>

Nine Months Ended July 31,

	Revenue			Operating Income				
	2001	2000	% Inc.	2001(a)	2000	% Inc.	%Revenue 2001	%Revenue 2000
CVI	\$123.8	\$109.5	13%	\$35.6	\$33.1	7%	29%	30%
CSI	41.1	32.6	26%	6.7	4.7	45%	16%	14%
Sub-								
total	164.9	142.1	16%	42.3	37.8	12%	26%	27%
HQ								
Expense	-	-	-	(5.0)	(5.1)	-	-	-
<b>TOTAL</b>	<b>\$164.9</b>	<b>\$142.1</b>	<b>16%</b>	<b>\$37.3</b>	<b>\$32.7</b>	<b>14%</b>	<b>23%</b>	<b>23%</b>

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(a) Net of \$1 million of nonrecurring charges in the third quarter and \$1.7 million for the nine-month period.

Nonrecurring Charges

During the third quarter, CVI incurred startup costs for a new information system and charges to flatten the organization. In addition, CSI recorded charges for the shutdown of a facility and the relocation of another. These one time charges totaled approximately \$1 million, about \$500 thousand in each business.

Two recently acquired businesses, CL-Tinters and MedAmicus, were about 2 cents dilutive to earnings per share during the third quarter. These acquisitions are expected to be accretive by the end of their first 12 months of operations.

Third Quarter Operating Highlights

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CooperVision

COOPERVISION REVENUE ANALYSIS

(\$\s in millions)

Segment	Third Quarter	% Total	% Change from Third Quarter	Nine Months	% Total	% Change from Nine Months
	2001		2000	2001		2000
U.S.	\$28.1	63%	10%	\$77.4	63%	10%
O.U.S.	16.3	36%	24%	44.7	36%	27%
<b>Core</b>						
Business	44.4	99%	15%	122.1	99%	15%
OEM	.6	1%	2%	1.7	1%	-55%
Total	\$45.0	100%	15%	\$123.8	100%	13%

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CVI's worldwide core contact lens business -- all revenue except lower margin OEM sales to other contact lens manufacturers -- grew 15 percent during the quarter, 17 percent in constant currency, and is up 15 percent year to date, 18 percent in constant currency, about 3 times the estimated world market growth. In the U.S., CVI's contact lens business grew 10 percent during the third quarter and 10 percent through July. Outside the U.S., revenue grew 29 percent and 34 percent in constant currency, for the same periods.

Worldwide revenue for CVI's toric contact lenses, which correct astigmatism, increased 8 percent during the quarter and 13 percent year to date. Torics represent almost 50 percent of CVI's worldwide revenue. The largest segment of this market, disposable-planned replacement (DPR) toric lenses, grew 12 percent over last year's third quarter, and is ahead 21 percent year to date.

CVI's worldwide sales of all DPR products grew 17 percent during the quarter and are 21 percent ahead year over year. DPR spheres and torics together now account for about 80 percent of CVI's worldwide business. During the quarter, U.S. revenue for these products grew 12 percent and is ahead 15 percent year to date. CVI's new line of disposable opaque contact lenses that change or enhance the appearance of the color of the eye continues to show good market acceptance in the United States and Europe.

Rohto Pharmaceuticals, CVI's partner in Japan, introduced CVI's quarterly planned replacement line of spherical and toric lenses in July. In June, Rohto submitted clinical data for CVI's line of two-week disposable spherical, toric and aspheric lenses to regulatory authorities. They expect to market these products in the second half of calendar 2002. European revenue growth in the third quarter, excluding OEM business, remained robust -- 29 percent ahead of last year and 35 percent over the first nine months of fiscal 2000 in constant currency.

New Multifocal Lens

CVI continues on track to introduce Frequency® Multifocal, its high performance monthly planned replacement multifocal lens with a limited roll out in the United States in the fourth fiscal quarter of 2001 and a full launch in mid 2002. Multifocal lenses, said Bender, are an important niche in the U.S. contact lens market, and we believe that Frequency

Multifocal will be successful in this specialty lens area.

#### Independent Market Research Data

Appendix 1 below summarizes second calendar quarter 2001 independent market research for the contact lens market compared with CVI's second calendar quarter and year to date year performance. Commenting on these results, Bender said, "Both manufacturers'

revenue and patient visits for contact lenses slowed in the second quarter in the U.S. After reviewing anecdotal reports, my sense is that retail and wholesale inventories of spherical lenses are shrinking while patient consumption continues at normal levels.

Revenue for disposable and planned replacement (DPR) spherical lenses was down, while toric lenses, especially the DPR brands, continued to grow. This is consistent with the market's ongoing trend away from commodity lenses toward specialty lenses that has been evident for the last several years.

CVI revenue continues to grow significantly faster than the market.

#### Cost of Sales

CVI's gross margin for the quarter was 66 percent compared with 68 percent in the second quarter of this year. This decline was primarily due to two one-time events: opaque lens revenue generated temporarily lower margins, as they still reflect CL-Tinters' higher pre-acquisition cost, and a delay in shipping higher margin conventional toric lenses at the end of the quarter due to the implementation of a new information system. Also contributing to the decline was a higher percentage of lower margin sales to distributors during the quarter. Gross margin for the fourth quarter is expected to return to second quarter 2001 levels.

#### CooperSurgical

Third quarter revenue at CooperSurgical (CSI), the Company's women's healthcare medical device business, increased 28 percent to \$15 million and is up 26 percent year to date. CSI's organic growth from existing products was 15 percent in the third quarter of 2001 and is 11 percent year to date.

CSI expects revenue of \$57 to 58 million in fiscal 2001. Operating margins, excluding the one-time charges, improved 3 percentage points above the prior year's quarter to 21 percent, and are 19 percent for the year to date.

In June, CSI completed a supply agreement with Welch Allyn, Inc.

to provide private label devices and disposable women's healthcare products. Welch Allyn will market CSI products primarily to family and general practitioners and in selected markets outside the United States, both areas where CSI has only a small presence today.

Yesterday, Cooper completed the previously announced purchase of Medscand Medical AB, a Swedish corporation, and Medscand (USA), Inc. an affiliated company. Medscand develops, manufactures and markets specimen collection products used to detect cervical cancer. The purchase price was \$12 million for Medscand, whose products had revenue of about \$7 million in 2000. Cooper expects that the acquisition will be accretive to earnings per share within 12 months.

Medscand markets its products to clinicians, clinics, hospitals, laboratories and test manufacturers throughout the world. An industry standard for over 15 years, the patented Cytobrush® Pap smear sampler and Pap-Perfect® spatula are included with test kits supplied by Cytyc Corporation (Nasdaq:CYTC) for their ThinPrep® Pap Test?. Medscand also supplies a new proprietary sampler to Digene Corporation (Nasdaq:DIGE) for their Hybrid Capture® II HPV Test (HC2). As both of these

technologies have increasing market acceptance, Medscand anticipates strong growth from the products it supplies to support them. About 85 percent of Medscand's revenue is generated in the United States.

#### Lower Tax Rate

During the quarter, the Company's effective tax rate (ETR) (income tax divided by pretax income) was 22 percent as we recorded a credit to state income taxes of about \$1 million and reduced the ETR from operating results to 31 percent. Going forward, Cooper expects that the ETR will be approximately 31 percent in the fourth quarter of fiscal 2001 and 30 percent for fiscal 2002.

#### Line of Credit

During the quarter, Cooper extended its line of credit with KeyBank Corp from \$50 million to \$75 million giving it greater flexibility to make larger acquisitions, while retaining a favorable interest rate (currently LIBOR plus 75 basis points.)

#### Earnings per Share

Unless otherwise identified, all per share amounts mentioned in this report refer to diluted per share amounts from continuing operations. Reported earnings per share in the third quarter of 2000 were 59 cents including nonrecurring credits of 3 cents per share.

#### Conference Call

The Cooper Companies will hold a conference call to discuss its third quarter results today at 1:30 p.m. Pacific Daylight Time. To access the live call, dial 1-800-289-0436. A replay will be available at 1-888-203-1112 approximately one hour after the call ends and remain available for five days. The access code for both calls is 451151. This call will also be broadcast live on The Cooper Companies' Web site, [www.coopercos.com](http://www.coopercos.com) and at [www.bestcalls.com](http://www.bestcalls.com) and [www.streetevents.com](http://www.streetevents.com).

#### Forward-Looking Statements

Some of the information included in this news release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements regarding anticipated growth in our revenue, anticipated market conditions and results of operations. To identify forward-looking statements look for words like believes, expects, may, will, should, seeks, intends, plans, estimates or anticipates and similar words or phrases. Discussions of strategy, plans or intentions often contain forward-looking statements. These, and all forward-looking statements, necessarily depend on assumptions, data or methods that may be incorrect or imprecise.

Events, among others, that could cause actual results and future actions to differ materially from those described in forward-looking statements include major changes in business conditions, a major disruption in the operations of our manufacturing facilities, new competitors or technologies, the impact of an undetected virus on our computer systems, acquisition integration delays or costs, foreign currency exchange exposure, investments in research and development and other start-up projects, dilution to earnings per share from acquisitions or issuing stock, regulatory issues, significant environmental cleanup costs above those already accrued, litigation costs including any related settlements, cost of business divestitures, the requirement to provide for a significant liability or to write off a significant asset, changes in accounting principles or estimates, and other factors described in our Securities and Exchange Commission filings, including the Business section in our Annual Report on Form 10-K for the year ended October 31, 2000. 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.

The Cooper Companies, Inc. and its subsidiaries develop, manufacture and market specialty healthcare products. Corporate offices are located in Lake Forest and Pleasanton, Calif. A toll free interactive telephone system at 1-800-334-1986 provides stock quotes, recent press releases and financial data. The Cooper Companies' World Wide Web address is [www.coopercos.com](http://www.coopercos.com).

CooperVision, Inc., markets a broad range of contact lenses for

the vision care market. Headquartered in Lake Forest, Calif., it manufactures in Huntington Beach, Calif., Rochester, N.Y., Hamble, England and Toronto. Its Web address is [www.coopervision.com](http://www.coopervision.com). CooperSurgical, Inc., with operations in Shelton, Conn., Hollywood, Fla., Malmo, Sweden, Montreal and Berlin, markets diagnostic products, surgical instruments and accessories for the gynecological market. Its Web address is [www.coopersurgical.com](http://www.coopersurgical.com).

Note to Editors: Pap-Perfect® is a trademark of Medscand. Cytoc® and ThinPrep® are registered trademarks and ThinPrep® Pap Test? is a trademark of Cytoc Corporation. Hybrid Capture® is a trademark of Digene Corporation. Frequency® is a trademark of The Cooper Companies, Inc. and its affiliates.

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## Appendix 1

### 2nd Quarter Calendar 2001 and Calendar Year to Date

#### Cooper Vision U.S. vs. U.S. Market Indicators

Product Category % Change % Change % Change % Change % Change

CVI U.S. CVI U.S. U.S. Total New

Revenue Market Contact Contact Contact

2ND QUARTER 2001 Share Lens Lens Lens  
Manufact- Pract- Pract-

urers itioner itioner

Revenue Visits Visits

All Contact Lenses	+12	+1	-2	-5	-5
All Toric Lenses	+8	+1	+5	+1	+2
DPR Toric Lenses	+13	-1	+14	N/A-	N/A
DPR Spherical Lenses	+21	+1	-4	N/A	N/A
All DPR Lenses	+16	+1	Flat	N/A	N/A

### 6 MONTHS 2001

All Contact Lenses	+11	+1	-1	+1	+6
All Toric Lenses	+8	+1	+4	+10	+14
DPR Toric Lenses	+13	-1	+17	N/A	N/A
DPR Spherical Lenses	+24	+1	-2	N/A	N/A
All DPR Lenses	+17	+2	+1	N/A	N/A

## THE COOPER COMPANIES, INC. AND SUBSIDIARIES

### Consolidated Condensed Statements of Income

(In thousands, except for per share amounts)

(Unaudited)

Three Months Ended    Nine Months Ended

	July 31,		July 31,	
2001	2000	2001	2000	
Net sales	\$ 59,961	\$ 50,908	\$164,887	\$142,081
Cost of sales	22,336	17,408	58,839	49,465
Gross profit	37,625	33,500	106,048	92,616
Selling, general and administrative expense	21,112	18,717	62,050	54,801
Research and development expense	1,055	703	2,836	2,027
Amortization of intangibles	1,457	1,031	3,866	3,122
Operating income	14,001	13,049	37,296	32,666
Interest expense	914	1,164	2,814	3,813
Settlement of dispute	-	653	-	653
Other income, net	131	13	908	473
Income before income taxes				
and cumulative effect of change in accounting principle	13,218	11,245	35,390	28,673
Provision for income taxes	2,857	2,584	10,010	8,422
Income before cumulative effect of change in accounting principle	10,361	8,661	25,380	20,251
Cumulative effect of change in accounting principle	-	-	-	(432)
Net income	\$ 10,361	\$ 8,661	\$ 25,380	\$ 19,819
Diluted earnings per share: Income before cumulative effect of change in accounting principle	\$ 0.67	\$ 0.59	\$ 1.68	\$ 1.40
Cumulative effect of change in accounting principle	-	-	-	(0.03)
Earnings per share	\$ 0.67	\$ 0.59	\$ 1.68	\$ 1.37
Number of shares used to compute earnings per share	15,384	14,596	15,128	14,471
Memo: Cash flow (pretax income from continued operations plus depreciation and				

amortization) per

diluted share	\$	1.04	\$	0.92	\$	2.86	\$	2.42
Components of diluted								

earnings per share

from continuing

operations:

From ongoing operations	\$	0.67	\$	0.56	\$	1.68	\$	1.37
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Tax credits		0.07		0.08		0.07		0.08
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Other one-time events, net	(0.07)	(0.05)	(0.07)	(0.05)				
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Earnings per share from

continuing operations	\$	0.67	\$	0.59	\$	1.68	\$	1.40
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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(In thousands)

(Unaudited)

July 31,	October 31,
2001	2000

ASSETS

Current assets:

Cash and cash equivalents	\$	11,268	\$	14,608
Trade receivables, net		43,053		33,058
Marketable securities		4,840		--
Inventories		47,574		38,219
Deferred tax assets		17,784		17,800
Other current assets		8,941		9,000
Total current assets		133,460		112,685
Property, plant and equipment, net		56,635		47,933
Intangibles, net		135,644		110,854
Deferred tax asset		36,492		42,979
Other assets		2,410		8,114
		\$364,641		\$322,565

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Short-term debt	\$ 9,435	\$ 8,094
Other current liabilities	57,409	57,181
Total current liabilities	66,844	65,275
Long-term debt	45,594	40,257
Other liabilities	12,913	18,595
Total liabilities	125,351	124,127
Stockholders' equity	239,290	198,438
	\$364,641	\$322,565

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