



June 6, 2013

The Cooper Companies Announces Second Quarter 2013 Results

PLEASANTON, Calif., June 6, 2013 (GLOBE NEWSWIRE) -- The Cooper Companies, Inc. (NYSE:COO) today announced financial results for the fiscal second quarter ended April 30, 2013.

- Revenue increased 11% year-over-year to \$384.0 million. CooperVision (CVI) revenue up 7% to \$309.3 million, up 11% in constant currency, and CooperSurgical (CSI) revenue up 32% to \$74.7 million.
- GAAP earnings per share (EPS) \$1.52, up 40 cents or 36% from last year's second quarter.
- Non-GAAP EPS \$1.50, up 38 cents or 34% from last year's second quarter. See "Reconciliation of Non-GAAP EPS to GAAP EPS" below.
- Second quarter free cash flow \$77.4 million.

Commenting on the results, Robert S. Weiss, Cooper's president and chief executive officer said, "I am enthused by our performance as we continue executing on our long-range strategies that lead to gaining market share and improving our operating margin. Our silicone hydrogel family of lenses continues to show strong growth and we recently announced the launch of MyDay™, our branded single-use silicone hydrogel lens, with a goal of continuing this momentum for many years to come."

Second Quarter GAAP Operating Highlights

- Revenue \$384.0 million, up 11% from last year's second quarter, 15% in constant currency.
- Gross margin 66% compared with 64% in last year's second quarter. The increase was primarily the result of a lower royalty payment on silicone hydrogel lens sales, product mix, and increased manufacturing efficiencies, partially offset by lower revenue due to currency, primarily the Yen.
- Operating margin 21% compared with 19% in last year's second quarter. The increase was the result of higher gross margins.
- Depreciation \$23.4 million, up 9% from last year's second quarter. Amortization \$7.5 million, up 43% from last year's second quarter, primarily related to intangible assets from the acquisition of Origio in July 2012.
- Total debt decreased \$87.5 million in the quarter to \$320.5 million. Interest expense \$2.4 million compared with \$3.1 million in last year's second quarter.
- Cash provided by operations \$114.9 million, capital expenditures \$38.2 million and insurance recovery of \$0.7 million resulted in free cash flow \$77.4 million.

Second Quarter CooperVision GAAP Operating Highlights

- Revenue \$309.3 million, up 7% from last year's second quarter, 11% in constant currency.
- Revenue by category:

| | Constant Currency | | | |
|------------------------------|-------------------|------------------|------|------|
| | (In millions) | % of CVI Revenue | %chg | %chg |
| | 2Q13 | 2Q13 | y/y | y/y |
| Toric | \$ 96.7 | 31% | 8% | 10% |
| Multifocal | 29.7 | 10% | 33% | 34% |
| Single-use sphere | 63.7 | 21% | 2% | 11% |
| Non single-use sphere, other | 119.2 | 38% | 5% | 8% |

| | | | | |
|-------|-----------------|-------------|----|-----|
| Total | <u>\$ 309.3</u> | <u>100%</u> | 7% | 11% |
|-------|-----------------|-------------|----|-----|

- Revenue by geography:

| | Constant Currency | | | |
|--------------|-------------------|------------------|------------|------------|
| | (In millions) | % of CVI Revenue | %chg | %chg |
| | <u>2Q13</u> | <u>2Q13</u> | <u>y/y</u> | <u>y/y</u> |
| Americas | \$ 136.5 | 44% | 12% | 12% |
| EMEA | 104.8 | 34% | 7% | 8% |
| Asia Pacific | 68.0 | 22% | --% | 13% |
| Total | <u>\$ 309.3</u> | <u>100%</u> | 7% | 11% |

- Selected revenue by material:

| | Constant Currency | | | |
|-------------------|-------------------|------------------|------------|------------|
| | (In millions) | % of CVI Revenue | %chg | %chg |
| | <u>2Q13</u> | <u>2Q13</u> | <u>y/y</u> | <u>y/y</u> |
| Silicone hydrogel | \$ 133.5 | 43% | 29% | 31% |
| Proclear® | \$ 77.3 | 25% | 8% | 11% |

- Gross margin 67% compared with 63% in last year's second quarter. The increase was primarily the result of a lower royalty payment on silicone hydrogel sales, product mix, and increased manufacturing efficiencies, partially offset by lower revenue due to currency, primarily the Yen.

Second Quarter CooperSurgical GAAP Operating Highlights

- Revenue \$74.7 million, up 32% from last year's second quarter, driven by the acquisition of Origio in July 2012.
- Revenue by category:

| | (In millions) | % of CSI Revenue | %chg |
|---------------------|----------------|------------------|------------|
| | <u>2Q13</u> | <u>2Q13</u> | <u>y/y</u> |
| Office, other | \$ 28.7 | 38% | -6% |
| Surgical procedures | 21.3 | 29% | -3% |
| Fertility | 24.7 | 33% | 527% |
| Total | <u>\$ 74.7</u> | <u>100%</u> | 32% |

- Gross margin 65% compared with 68% in last year's second quarter. The decrease was primarily the result of lower margins associated with the acquisition of Origio.

2013 Guidance

The Company revises its full year fiscal 2013 guidance. Guidance is summarized as follows:

| | FY13 Guidance | |
|------------------------|-------------------|-------------------|
| | <u>Old</u> | <u>New</u> |
| Revenues (In millions) | | |
| Total | \$1,575 - \$1,625 | \$1,575 - \$1,605 |
| CVI | \$1,260 - \$1,290 | \$1,260 - \$1,280 |
| CSI | \$315 - \$335 | \$315 - \$325 |
| EPS | | |
| GAAP | \$6.22 - \$6.37 | \$6.42 - \$6.52 |

| | | |
|------------------------------|-----------------|-----------------|
| Non-GAAP | \$5.95 - \$6.10 | \$6.15 - \$6.25 |
| Free Cash Flow (In millions) | \$170 - \$200 | \$170 - \$200 |

Guidance assumes constant currency at the date of issuance and excludes the financial impact for the proposed sale of Aime announced May 31, 2013.

Reconciliation of Non-GAAP EPS to GAAP EPS

To supplement our financial results presented on a GAAP basis, we use non-GAAP measures that we believe are helpful in understanding our results. The non-GAAP measures exclude insurance proceeds related to a business interruption claim and costs related to acquisitions. 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 and guidance 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.

In the fiscal first quarter of 2013, our non-GAAP results exclude \$0.6 million of costs related to the acquisition of Origio recorded in selling, general and administrative expense and \$14.1 million in business interruption insurance proceeds. Our fiscal second quarter of 2013 non-GAAP results include the \$0.9 million income tax benefit that arises from the impact of the above adjustments to the related projected fiscal year effective tax rate.

We also report revenue growth using the non-GAAP financial measure of constant currency revenue. Management 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 United States dollars are converted into United States dollars at the average foreign exchange rates for the corresponding period in the prior year.

| | Three Months Ended April 30, | | | Six Months Ended April 30, | | |
|---|------------------------------|-------------|---------------|----------------------------|-------------|---------------|
| | 2013 GAAP | Adjustments | 2013 Non-GAAP | 2013 GAAP | Adjustments | 2013 Non-GAAP |
| Operating income | \$ 81,473 | \$ -- | \$ 81,473 | \$ 150,293 | \$ 626 | \$ 150,919 |
| Income before income taxes | \$ 78,940 | \$ -- | \$ 78,940 | \$ 159,916 | \$ (13,459) | \$ 146,457 |
| Provision for income taxes | \$ 3,473 | \$ 868 | \$ 4,341 | \$ 9,515 | \$ 1,038 | \$ 10,553 |
| Net income attributable to Cooper Stockholders | \$ 75,136 | \$ (868) | \$ 74,268 | \$ 149,803 | \$ (14,497) | \$ 135,306 |
| Diluted EPS attributable to Cooper stockholders | \$ 1.52 | \$ (0.02) | \$ 1.50 | \$ 3.02 | \$ (0.29) | \$ 2.73 |

| | Fiscal 2013 EPS Guidance | | |
|-------------|--------------------------|-------------|-----------------|
| | 2013 GAAP | Adjustments | 2013 Non-GAAP |
| Diluted EPS | \$6.42 - \$6.52 | \$ (0.27) | \$6.15 - \$6.25 |

Conference Call and Webcast

The Company will host a conference call today at 5:00 PM ET to discuss its fiscal second quarter 2013 financial results and current corporate developments. The dial in number in the United States is +1-800-591-6942 and outside the United States is +1-617-614-4909. The passcode is 17608162. There will be a replay available approximately two hours after the call ends until Thursday, June 13, 2013. The replay number in the United States is +1-888-286-8010 and outside the United States is +1-617-801-6888. The replay passcode is 77555127. This call will also be broadcast live at <http://investor.coopercos.com> and a transcript will be available following the conference call.

About The Cooper Companies

The Cooper Companies, Inc. ("Cooper") is a global medical device company publicly traded on the NYSE Euronext (NYSE:COO). Cooper is dedicated to being A Quality of Life Company™ with a focus on delivering shareholder value. Cooper operates through two business units, CooperVision and CooperSurgical. CooperVision brings a refreshing perspective on

vision care with a commitment to crafting a wide range of high-quality products for contact lens wearers and providing focused practitioner support. CooperSurgical focuses on supplying women's health clinicians with market-leading products and treatment options to improve the delivery of healthcare to women. Headquartered in Pleasanton, CA, Cooper has approximately 7,800 employees with products sold in over 100 countries. For more information, please visit www.coopercos.com.

Forward-Looking Statements

This news 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 which are other than statements of historical fact, including our 2013 Guidance and all statements regarding anticipated growth in our revenue, expected results of operations and integration of any acquisition are forward-looking. To identify these statements look for words like "believes," "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 the global or regional general business, political and economic conditions due to the current global economic downturn, including the impact of continuing uncertainty and instability of certain European Union countries that could adversely affect our global markets; foreign currency exchange rate and interest rate fluctuations including the risk of further declines in the value of the yen and the euro that would decrease our revenues and earnings; acquisition integration delays or costs or the requirement to record significant adjustments to the preliminary fair value of assets acquired and liabilities assumed within the measurement period; a major disruption in the operations of our manufacturing, research and development or distribution facilities due to technological problems, natural disasters or other causes; disruptions in supplies of raw materials, particularly components used to manufacture our silicone hydrogel lenses; legal costs, insurance expenses, settlement costs and the risk of an adverse decision or settlement related to product liability, patent or other litigation; limitations on sales following new product introductions due to poor market acceptance; new competitors, product innovations or technologies; the impact of acquisitions or divestitures on revenues, earnings or margins; the requirement to provide for a significant liability or to write off, or accelerate depreciation on, a significant asset, including goodwill; changes in United States and foreign government regulations of the retail optical industry and of the healthcare industry generally; changes in tax laws or their interpretation and changes in effective tax rates; dilution to earnings per share from acquisitions or issuing stock 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, 2012, 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.

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(In thousands)

(Unaudited)

| | April 30, | October 31, |
|--|-----------|-------------|
| | 2013 | 2012 |

ASSETS

Current assets:

| | | |
|------------------------------------|----------------|----------------|
| Cash and cash equivalents | \$14,441 | \$12,840 |
| Trade receivables, net | 224,489 | 234,297 |
| Inventories | 339,323 | 320,199 |
| Deferred tax assets | 37,364 | 39,417 |
| Other current assets | <u>60,171</u> | <u>51,107</u> |
| Total current assets | <u>675,788</u> | <u>657,860</u> |
| Property, plant and equipment, net | 636,882 | 640,255 |
| Goodwill | 1,381,777 | 1,370,247 |
| Other intangibles, net | 210,623 | 214,783 |

| | | |
|---------------------|--------------------|--------------------|
| Deferred tax assets | 13,944 | 14,434 |
| Other assets | <u>47,718</u> | <u>43,805</u> |
| | <u>\$2,966,732</u> | <u>\$2,941,384</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|-----------------------------------|--------------------|--------------------|
| Current liabilities: | | |
| Short-term debt | \$28,955 | \$25,284 |
| Other current liabilities | <u>199,964</u> | <u>237,268</u> |
| Total current liabilities | <u>228,919</u> | <u>262,552</u> |
| Long-term debt | 291,549 | 348,422 |
| Deferred tax liabilities | 26,346 | 30,971 |
| Other liabilities | <u>83,422</u> | <u>86,281</u> |
| Total liabilities | <u>630,236</u> | <u>728,226</u> |
| Total Cooper stockholders' equity | 2,314,197 | 2,192,751 |
| Noncontrolling interests | <u>22,299</u> | <u>20,407</u> |
| Stockholders' equity | <u>2,336,496</u> | <u>2,213,158</u> |
| | <u>\$2,966,732</u> | <u>\$2,941,384</u> |

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(In thousands, except earnings per share amounts)

(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------------|------------------|------------------|
| | April 30, | | April 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Net sales | \$384,041 | \$344,589 | \$763,880 | \$670,649 |
| Cost of sales | <u>129,862</u> | <u>123,893</u> | <u>269,203</u> | <u>239,500</u> |
| Gross profit | 254,179 | 220,696 | 494,677 | 431,149 |
| Selling, general and administrative expense | 150,693 | 136,962 | 301,346 | 268,710 |
| Research and development expense | 14,490 | 13,031 | 28,143 | 24,455 |
| Amortization of intangibles | <u>7,523</u> | <u>5,263</u> | <u>14,895</u> | <u>10,816</u> |
| Operating income | 81,473 | 65,440 | 150,293 | 127,168 |
| Interest expense | 2,444 | 3,071 | 5,010 | 6,733 |
| Gain on insurance proceeds | -- | -- | 14,084 | -- |
| Other (expense) income, net | <u>(89)</u> | <u>310</u> | <u>549</u> | <u>992</u> |
| Income before income taxes | 78,940 | 62,679 | 159,916 | 121,427 |
| Provision for income taxes | <u>3,473</u> | <u>7,758</u> | <u>9,515</u> | <u>11,883</u> |
| Net income | 75,467 | 54,921 | 150,401 | 109,544 |
| Less: income attributable to noncontrolling interests | <u>331</u> | <u>--</u> | <u>598</u> | <u>--</u> |
| Net income attributable to Cooper stockholders | <u>\$75,136</u> | <u>\$54,921</u> | <u>\$149,803</u> | <u>\$109,544</u> |
| | <u>\$1.52</u> | <u>\$1.12</u> | <u>\$3.02</u> | <u>\$2.24</u> |
| Diluted earnings per share attributable to Cooper stockholders | | | | |
| Number of shares used to compute earnings per share attributable to Cooper stockholders | <u>49,478</u> | <u>49,007</u> | <u>49,555</u> | <u>48,941</u> |

Worldwide Market vs. CooperVision (Constant Currency)

The data below is extracted from a compilation of industry participants' revenue by the Contact Lens Institute (CLI), an independent market research firm. This data is compiled using gross product sales at foreign exchange rates set by CLI. It therefore excludes items such as discounts, rebates, currency hedges and freight reimbursements.

| | Calendar 1Q13 | | | Trailing Twelve Months 2013 | | |
|-------------------------------|------------------------|-----------|------------|-----------------------------|-----------|------------|
| | Market | CVI | | Market | CVI | |
| | Market | Change | Change | Market | Change | Change |
| Sales by Modality | | | | | | |
| Single-use | \$ 715 | 9% | 18% | \$ 2,863 | 10% | 16% |
| Other | 1,114 | 0% | 10% | 4,315 | 1% | 9% |
| WW Soft Contact Lenses | <u>\$ 1,829</u> | 4% | 12% | <u>\$ 7,178</u> | 4% | 11% |
| Sales by Geography | | | | | | |
| Americas | \$ 760 | 6% | 13% | \$ 2,830 | 6% | 11% |
| EMEA | 501 | 2% | 7% | 2,031 | 2% | 7% |
| Asia Pacific | 568 | 2% | 16% | 2,317 | 4% | 17% |
| WW Soft Contact Lenses | <u>\$ 1,829</u> | 4% | 12% | <u>\$ 7,178</u> | 4% | 11% |
| United States | \$ 667 | 6% | 13% | \$ 2,451 | 6% | 11% |
| International | 1,162 | 3% | 11% | 4,727 | 3% | 11% |
| WW Soft Contact Lenses | <u>\$ 1,829</u> | 4% | 12% | <u>\$ 7,178</u> | 4% | 11% |

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Source: The Cooper Companies, Inc.

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