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# EDITED TRANSCRIPT

COO.N - Cooper Companies Inc at Wells Fargo Virtual Healthcare Conference

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## CORPORATE PARTICIPANTS

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## CONFERENCE CALL PARTICIPANTS

**Lawrence H. Biegelsen** *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

## PRESENTATION

### Unidentified Participant

Welcome to the Wells Fargo Healthcare Conference. Before we get started, if you are a member of the press or media, please disconnect at this time. This is a restricted line. Any unauthorized party in this meeting or any unauthorized use of the information communicated in this meeting is subject to prosecution to the fullest extent of the law. Any unauthorized person, including the media that is on the line at this time, please disconnect. Please note, today's call is being recorded.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Good afternoon. I'm Larry Biegelsen, the medical device analyst at Wells Fargo. It's my pleasure to host this session with the management team from CooperCompanies. With us, we have Al White, President and CEO. And I think Kim Duncan, Head of Investor Relations, is somewhere on the line. So, in terms of format, it's going to be a fireside chat. If anyone has a question they want me to ask on their behalf, please e-mail it to me. And I think we have one polling question here. So, Al, welcome and thanks again for participating in our conference.

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes, absolutely. Great to be here, Larry.

## QUESTIONS AND ANSWERS

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Great. Al, so let's start off with COVID and recovery trends and you talked about on the Q3 earnings call, which was just last week. You made some encouraging comments on the recovery, let's start with CVI and then go to CSI. What have you seen so far in contact lenses? What's the trend been in July and August and early September?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. For contact lenses, we're continuing to see progress, is what I would probably say. It gets highly dependent on what region you're in because there's different activities. Here in the U.S., we have a lot of back-to-school activity, which is strong. I used the word robust earlier one of the calls. The one thing I would say about it is, where the demand is there, we still do hear from optometry offices that they're having staffing challenges. So, you're seeing appointments going out a lot farther maybe than what people thought. But getting everybody in who wants to get in today is a little bit of a challenge. So, I don't see a scenario where those sales get lost or there's that kind of problem and maybe it's not as bolbus as it is in one individual month, but continuing to see really good activity and a lot of patient flow and patient interest.

Europe continuing to get a little bit better and move in the right direction, even Asia Pac. I mean we're having some countries there, you look at Taiwan and Korea, Australia, where there's still some restrictions in place, and that's impacting us. But generally speaking, we're continuing to see things move in the right direction.

**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

Including New Fits, AI, because you said on the Q3 call that that's still soft.

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. New Fits are soft, you'd almost have to break it down into 2 pieces. You get the fits of an existing contact lens wearer who's going in and just getting their script updated, that activity is definitely better. If you look at a market like right here in the U.S., that portion of the market is better, which is why you're seeing strength in the underlying contact lens market and us putting up the results that we're putting up.

If you look at the brand new wearer who's coming in, the 16-, 17-year-old wearer who's coming in, that New Fit activity is still depressed. Getting a little bit better. We see it consistently getting a little bit better, but it still has a little ways to go to get to pre-COVID levels. That activity in general, is a little bit worse in Europe, a little bit worse in Asia Pac.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

Japan is an important market for you. And it seems like they've had some fits and starts there with COVID. What are you seeing there?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes, you're right. Japan is an important market. We have a number of product launches there, and we have a strong presence in Japan. And you'll remember, pre-COVID, we put up double-digit growth in Japan. So, I've been excited about that market for a long time. There's a reason that we're launching those products, we've hired salespeople recently and we're expanding our sales force because I do think what we're going to see is what we started to see in Europe last quarter. As we saw Europe come on, our results accelerated off that. Japan is still moving pretty slow. I would say that it's moving in the right direction, but it's still moving pretty slow.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

Okay. And CSI, what are you seeing with IVF and office and surgical procedures through early September?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Fertility continuing to remain strong. Great marketplace. You've seen our results on the fertility space are strong. We're continuing to do well in the fertility space. We don't have potentially some of the constraints that some competitors have around supply chain and some of the channel struggles. We've been able to weather through that. The demand has remained relatively strong within fertility. So happy, excited about that marketplace, as I've said before, great long-term growth characteristics. But even short term here, we're in pretty good shape. PARAGARD, we did the price increase. Did you want to jump in on that one?

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

No, no, no. Please go ahead.

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. So PARAGARD, we did the price increase. We pulled some in. We'll see some of the push. But PARAGARD is still mid-single-digit grower long term, half from price, half from units, not seeing much impact near term on anything there. The base medical device businesses are going fine. We try to put a little conservatism in there because of elective procedures or concerns about elective procedures. So, haven't seen too much there, but continue to be weary, about the impact of COVID, the Delta variant on elective procedures because that will negatively impact us a little bit on that part of our business. It's not a big part, but it's definitely part of our business.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

So how did you approach the Q4 guidance for CVI and CSI? I mean for lack of a better word, how much conservatism they did due to the uncertainty from COVID?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. Always hard to say. We assume when we look at the vision space, we would continue to see the marketplace get a little bit better, continue to move in the right direction. No inflection up, no inflection down. Just continue to move forward as vaccines continue to roll out. On the CooperSurgical side of things, we looked at it probably a little bit differently. We believe fertility will continue to be strong there. The one asterisk on fertility ends up being the capital side. We saw some good capital activity in the last couple of quarters. We're continuing to see clinics build out or even new clinics. You can get a little lumpiness when it comes to some of your capital equipment sales in there. And then as I mentioned, trying to take a look at the base medical device business and try to put a little conservatism in there. We'll see how that plays out. I don't know if that will be conservatism, or if it won't be. So, to me, those elective procedures historically have moved forward a little bit, if for some reason, something doesn't happen, we've had a tendency to pick all that activity back up in a later quarter. So that's a good sign. We'll just have to wait and see how that one plays out a little bit.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Okay. Al, I wanted to kind of touch on fiscal 2022 and then move on to myopia management. Fiscal 2022, you were asked about it on the call. You chose not to say a lot. But typically, Al, if there's a major disconnect, I think you guys would point that out. The one thing that maybe people are not contemplating is FX. By our math, it's, let's just say, 75 to 100 basis point headwind on the top line, maybe 300 basis points on the bottom line. Is that consistent with your thinking right now on currency?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. I think that's correct. Currency is obviously moving all over the place. But that's generally correct. I would say, Based on where we were, at least when we gave guidance, that's spot on on the revenue side. It might even be a little light on the EPS side of things. It could be higher than that 300. Not material but...

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

I mean you look at consensus after the call -- sorry to interrupt you there. Sales are at \$3.1 billion, 7% year-over-year growth. EPS \$14.70, 10% year-over-year growth. We're a little lower on EPS because we're kind of assuming maybe 10% constant currency growth by operating income growth but maybe 300 basis point headwind to EPS or at about 7%. Any kind of reaction to our numbers, Street numbers?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes, I'll stay away from it largely. But generally speaking, we're very focused on revenue growth right now, and we have some great opportunities, whether it's myopia management or our core portfolio, which is very strong, and we're rolling out a lot of products. So, I see the potential for a strong year. I really do fiscal 2022 from a revenue perspective, just all the activity we have. The thing that concerns me is COVID. But if we continue to move in the right direction with vaccines, and we see Japan open a little bit more, we're well positioned to put up some strong numbers. So, I'm optimistic about that side of things, and I think that's fairly well captured.

As I go through the P&L, I look at EPS, there were a couple of analysts who raised their fiscal '22 numbers. So, I'm not sure if they weren't listening or didn't capture it or if they just said, "hey, the fundamentals of this business are so strong, the company is going to be able to drive all that performance through." But I've said this before, I said it on Q4, I'll say it right now, myopia management is going really well. We have a lot of powerful things moving in our direction. We have a lot of good things going with fertility. We have a lot of good things going with our base business. We're continuing to invest to take market share, and I think we're there. So, I'm not going to turn around and say, "Hey, everybody, hey, Dan or Holly, you need to cut back in your business to make up for currency." If people aren't taking that into consideration that would be a mistake on their part.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

When we look at the operating margin pre-COVID in 2018 and '19, it was 27.6%. And this year, it's going to approach 27%. Is there any reason why you can't get close to that 2018, 2019 level of 26.5%, call it, next year? Or, do you still see kind of incremental investments for myopia management that could keep you below pre-COVID margins?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. It's myopia management based. So, to be clear, the core business itself that we have in vision and surgical is very strong and can get us back to those margins and would put us on pace certainly to be in the 30s from an operating margin perspective as we progress forward. We are investing heavily in myopia management. You saw that in this last quarter, the OpEx has been elevated. You'll continue to see that. Now, as we go from \$65 million in myopia management to \$100 million, you get to the point where I have enough gross profit dollars, I can hurdle all that activity as we move through next year. And certainly, into the next year and the following year, your sales go up and your infrastructure base is already there. You don't need the incremental spend. So, the only thing that I look at when I talk about operating margin expansion and when it's going to happen and how fast it's going to come, is myopia management and frankly, COVID, on what's going to happen with that as that drives up and down.

But we have a lot going on in myopia management, a lot of clinical work going on in new products, expanding offerings that we have, launches in different countries. So, we set a pretty good base of spending there right now. You'll see that move up a little bit, move down a little bit depending upon sales and marketing and product launches. But fundamentally, if I pull that out, margins are kind of like what they used to be.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Okay. That's helpful. So, moving on to myopia management. Let's start with China, AI. It was just approved there, obviously. What are the next steps for the commercial rollout? Anything you can say on pricing? And obviously, I'm going to ask about this potential partnership with Essilor there. So, love to hear how to think about China.

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes, I'll go right to that endpoint because I am happy to say from last week to today that we did sign the Essilor distribution agreement. So that's really good news for us. When we had the call last week, we're looking at it and saying, okay, are we going to have to build out our own sales force? Are we going to have to go with some different distributors? Are we going to wrap up the EssilorLuxottica distribution agreement? That's done. So really good news and a good real positive step forward in our relationship with EssilorLux and then also what we're going to be able to do in China.

If you look at the China market, we do have a presence there. It's relatively small right now. In China, you can just walk into a store and grab some contact lenses. So, our current infrastructure there supports the retail channel and some of the optometry channel that's there. But when you look at treatments, when you look at Ortho K, when you look at Stellest that Essilor is selling right now there, which are the glasses, when you look at MiSight, that goes into the hospital channel, which is a very big, powerful channel there, a lot of patients going through that. We do not have a sales force calling on that channel. We don't have infrastructure right now with that. So that was one of the question marks on that.

As we now manufacture product, get it labeled up and everything, we'll get it over there. We'll get it to Essilor for distribution in the November, December time frame. Most of the hospitals there, big optical shows are in January. That's when they launch new products. When all your activities happen, now you have Chinese New Year, but you have a lot of stuff going on right there. So, we're really well positioned to now get product in the market, be prepared for all the launch activity, the big shows, all the KOL commentary to be rolling as we hit February and start hammering that market. So, we're in really good shape there right now. I'm really happy where we're at.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

So Al, if MiSight, the ASP ex manufacturer in the U.S. is 750 or so per year. How should we think about China? And now with the Essilor distributorship, kind of what are you going to be able to realize from a pricing standpoint?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. So, I can't get into those details based on the contract. It's obviously less. There's no question about that. And in this case, it's not your typical distribution agreement because Essilor adds a lot more value. They're very strong in that channel, very strong with key opinion leaders and a clear market leader in China when it comes to the optical side of things. So, it's obviously going to be less. I can't give you specific numbers on what that's going to be though.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

And I'm sure you know they have Stellest there. It's a spectacle for myopia management. They keep saying on their earnings calls that they're selling 1,000 pairs a day. And I think the first time they said that was about 12 months post launch. So, we do have a little bit of an analog here. How do you want to calibrate people, is 20% the right number of those 1,000 pairs a day for MiSight? How do you calibrate people on something like that?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. That's a tough one. I'll hold off answering that one and putting a number out there. The takeaway from that is that Stellest is very successful there for a good reason. You look at China, a very large percentage of that population, over 80% of kids are myopic. China fully realizes that. They've mandated the kids have to go outside during the school session. They just came out, restricted video games because that's all causing the progression of myopia. It's making it worse. So, to have a product like Stellest in there, and to be able to proactively treat the progression of myopia is a big deal. Now to have contact lenses in there is a big deal. Now they have Ortho K in there right now, which are hard lenses the kids sleep in. But this is a step, a very sizable step in another direction.

We have heard in a number of markets where optometrists want to fit kids in glasses, especially younger kids, 6, 7, 8, 9, 10. But we've also heard in a lot of the feedback, that optometrists want to get them in contact lenses because it's more efficacious. This is a treatment. You want the child to have the treatment on their eyes as much as possible. So, you don't want them taking their glasses off. You want them putting contact lenses and wearing them all the time. So, it will be interesting to see how that market plays out. The natural is obviously to put them in glasses. It's really easy. You don't have to deal with teaching them how to insert a contact lens and taking it out. But unlike normal everyday wear, this is a treatment. So as people become more accustomed to understanding it's a treatment and the importance of getting consistent treatment, contact lenses are going to play a more important role in myopia control than they do with just regular contact lens wear.

**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

How significant is China in the guidance you gave for next year for MiSight and myopia management in general?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Well, I look at it, we're having a good quarter here. We're plugging along. I think we'll get to \$20 million in revenues this year. I expect us to be able to double that number next year. Now it's going to depend on COVID.. I'm optimistic that we're going to be able to do better than that. But if I look at that as a double or maybe a little bit more than a double, you've got China as the delta that hopefully takes us to \$50 million or north of \$50 million.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

You're sticking with the \$50 million.

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. The only thing that causes a problem on the \$50 million right now ends up being COVID and currency. I'll update that when we get to year-end, and a lot of our MiSight sales are still international. So, currency can maneuver things around, but I still think that's the right ballpark and \$100 million for our myopia management franchise or north of \$100 million is still the right way to look at myopia management for next year.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

All right. Let's see what the audience thinks. We have one polling question now, okay? So Luke, if you don't mind, or David -- sorry, do you want me to read it? Okay. Cooper guided to MiSight sales of \$20 million and myopia management revenue of \$65 million this year. And for next year, the company targeted \$50 million in MiSight, \$100 million in myopia management revenue. Do you think Cooper will meet the fiscal 2022 targets for MiSight and myopia management? Simple answer, yes, no, or they'll make the total myopia management goal, but not the MiSight goal B not sure. So, if there's a little bit of a lag out, it takes people a minute to respond, and you'll see the results. But given the lag, let me just ask you one more question while we're waiting for the poll results.

I don't know if you saw, Al, J&J put out some forecast for the myopia management market, \$400 million or so in 2020, increasing to over \$2 billion by 2026. I assume you had a chance to look at these numbers. Any reaction? Is that in line with your thinking?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. I think at a high level, moving the size of the market, that's like a 35% CAGR, rolling everything in, I think that makes sense. And I think that really illustrates how big and powerful this market will be. I think J&J coming out and saying it adds a little bit more credence than just me saying it. The only thing I would disagree with in there is I do think that soft contact lenses are going to be a bigger component than what they have in there. And the reason, again, I go back to that is it's a treatment, and it's important to have the treatment as often as possible. So, I do think soft contact lenses will be even a little bit bigger. But I do agree that you're going to get really nice growth from Ortho K, soft contact lenses, they have really nice growth in there from soft contact lenses, I think, it will be better, and I think glasses will be a pretty powerful component of it. So yes, I don't disagree with their numbers, and I do agree it's going to be a very sizable market.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

AI, one more on Essilor. You have a JV with SightGlass. We've done similar obviously. And then you have a distribution agreement now in China with MiSight and Ortho K. Why is it not more efficient to kind of roll those all into the JV? Why have 2 distribution agreements and 1 JV for myopia management?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes, some of it is done. So, we have not closed the JV yet. There's a number of regulatory hurdles and some administrative stuff that we've had to jump through on that. Hopefully, good news coming on that, and we get that wrapped up soon because we do have product launches coming for SightGlass in the near future here. So, ultimately, that's a good question. If you look at a market like China, in particular, where they're distributing, yes, our market-leading Ortho K, our MiSight now, we'll have SightGlass in that market, they have Stellest. Those are, to a great degree, complementary products, even though they're both glasses. It's different technologies.

You could certainly pull something together that's maybe more efficient, more beneficial for both parties in China. A little different outside because we do have a direct sales force from MiSight right now and a direct operation that's going really well. So, I think that relationship will just continue to develop over time.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

And AI, Still, I'd love to understand a little bit more about why -- what attracted them to SightGlass through this JV, given that they have Stellest? Why did they see it advantageous to have access to 2 spectacles here?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes, different technologies. That's what it comes down to. So, without getting into all the gory details, 2 different technologies manufactured 2 different ways. So, if you look at it, you could say, okay, yes, if I'm Essilor, I could be saying, "Yes, I have a winner here. I don't need the other one." Given the size of the market and the growth opportunities and also not knowing which one is going to be a winner or they could both be winners. I think from their perspective, they step back and look at it and go, this is a big market. This is huge growth potential, different technologies, different reasons that these technologies are going to be successful. I want to be a player in both. I want to make sure I'm capitalizing.

Even if you go back to MiSight, Larry, as strong as the data is, there's still a percentage of kids that don't react to the MiSight treatment. And that's an issue, and we're doing clinical work on that right now saying, how can we ensure that those kids react to the myopia treatment? And maybe that's a different MiSight lens or it's something different with MiSight. But it goes back to again saying, okay, well, if I had glasses, and yes, my technology is great for half the kids, but it doesn't work for the other half the kids. Oh, but this technology does, you want to make sure you're capitalizing on all opportunities.

Then the other one is when it comes to myopia management around the world, we're the leader on that right now because we have all these different products. We have all the knowledge. We've accumulated a really strong base of optometrists who we're working with. So, for them to be, hey, we're the strongest guy on the glasses side, right, spectacles and so forth, CooperVision strongest over here on the contact lens side, what a powerhouse partnership to pull together.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

AI, yesterday you might have seen J&J announce the approval of Abiliti 1-Day soft contact lens in Canada for myopia management. I'm not quite sure where they are in other markets. I don't know if you know, but that's a silicone hydrogel lens, I believe. What's your plan there? Because MiSight is based off of Proclear, which is a well-regarded lens, but it's not the latest material.



**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. So, I guess I'd probably say 2 things. It's really easy to get approval in Canada. I think MiSight got approved in Canada 10 years ago or something like that. There's massive difference between getting approval in China or the U.S. or a lot of other markets. So, I'd say that one to start. I mentioned 8 products that are in our pipeline right now that we're working on, on the earnings call. That's trying to attack those non-responders to MiSight that I was just talking about. But that also includes a variety of other things. You can put a silicone hydrogel in there as a myopia control product that we're currently working on.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

Do you think the FDA will require 3 years of clinical data?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes, the FDA is going to require, I don't know how much clinical data if they get easier on it, but they required 3 years from us of a legitimate strong correctly done clinical, with efficacious data because we've all gone down this road. This isn't the first time we've gone down it or a competitor has gone down it and had a product that came out that wasn't efficacious enough in order to be able to move forward and get approval. So, there's no slam dunk on this. This isn't just that you go slapping technology on it and it works. There's true value in the technology that's out there in a product like a MiSight.

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**Lawrence H. Biegelsen** - *Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst*

All right. I think we only have 4 minutes left here, so let me make sure I'm not missing anything major. Just trying to scan my list here. I guess, just Al, I guess, one thing that concerned people up from the Q3 call was the growth rate in the U.S. for CooperVision and some of the numbers you threw out there were lower than what we saw from Bausch and Alcon. There's always this kind of share dynamic. I mean, what are you focused on that tells you that you're still a share taker in the contact lens market?

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**Albert G. White** - *The Cooper Companies, Inc. - President, CEO & Non-Independent Director*

Yes. I mean I go with, hey, what's reported? What's the reported number? We've had competitors come out and talk about individual markets, and we've had competitors talk about their data with GFK data or CLI data or as-reported data or adjusted for channel inventory or whatever. It's really hard for me to compare. If you want to be transparent like we're transparent, we give all our data, we put our numbers out there, then we can compare apples-to-apples. The only way I could truly compare apples-to-apples is the data that's out there, the market data that's out there that's reported.

And that's why I go back and I look at calendar Q2, we grew 8%. The market grew 4%. That's data that's public that's out there. That's the way it is. If I look at the U.S. data, I'd say we're probably growing in line in the U.S., maybe it's a touch better, but in line in the U.S. There's been a lot of launch activity, a lot of pushes. A lot of that is getting behind us now because that's done. I was happy to see the New Fit data that just came out in the U.S., which showed a nice uptick for clariti and for MyDay, which means, there's been a lot of this activity going on.. And we're still holding our share and growing equal to, if not a little better than the market, and you're starting to see that New Fit data come back in our favor. So, I'm not going to get too granular looking at market data. As you said, there's a lot of different moving parts on that. But for the publicly reported data that you see, we're still taking market share.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

Al, the growth of the market is really being driven by one segment, which is the silicone hydrogel daily disposable segment. You've given numbers in the past on how big that segment is, how fast it's growing and your share. What's the most recent data you can share with us on that key segment?

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes, it's still very, very similar to what it was. You're exactly right. That part of the segment is driving a lot of the growth. It's great to see the New Fit data coming back, not only as a positive indicator for us on daily SiHys but it's strengthened for the market. So, you're continuing to see daily silicones be the driver of upside of the marketplace. It continues to be a bigger portion of the marketplace, but it still has a long ways to go to get to where FRPs are. If you look at 2-week and monthly fits, they're very high. I forget the numbers, but they're really high for silicone hydrogels right now. Dailies are still much lower. There's something like \$2.5 billion, \$2.6 billion of traditional daily hydrogel sales that over time a very large portion of that will convert to silicone hydrogel sales.

So, there's still a very powerful trade-up dynamic and also a dynamic of more people moving into dailies. So those big macro trends are very positive. And you're probably still talking 5, 6, 7, 8 years of that trend itself just playing out. So that's a great underlying trend for the overall market and us..

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

All right. My colleague, Lei, just reminded me, I didn't ask for the poll results. So Lei, thank you for the reminder. David, if we can bring up the poll results. So Al, are you going to meet your goals? Nice, 38%, 40%, 30% and 30%. So, pretty mixed, Al. So, you have some naysayers out there.

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Which I'll take. I talked about \$25 million pre-COVID. We ran into COVID, we're at \$20 million is where we're looking at coming out this year. So, listen, the proof is in the pudding. It's up to us to put numbers out there and produce. I mean we see some really good signs. I'm seeing it here in the U.S. where some of the buying groups and some of the big key accounts who have been trialing a lot of MiSight lenses are now coming back saying, okay, guys, we only buy through distributors. We were buying direct through you because we were trialing this, but we now want to make it broader. We want to roll it out more aggressively.

Put it through a distributor, so that we can buy that through a distributor because that's our corporate policy. All those things are positive signs. So I'm continuing to see the positive momentum, but the skepticism is fine. I don't have any problem with that. It's on our shoulders, and we need to produce. We need to execute, get stuff done, and we're going to do it.

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**Lawrence H. Biegelsen** - Wells Fargo Securities, LLC, Research Division - Senior Medical Device Equity Research Analyst

All right. Good place to end. Al, thanks for the time. Hope the rest of the day goes well.

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**Albert G. White** - The Cooper Companies, Inc. - President, CEO & Non-Independent Director

Yes. Thanks, Larry. See you.

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