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Cooper Companies Inc to Acquire Cook Medical's Reproductive Health Business Call

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PRESENTATION

Operator

Good day, ladies and gentlemen. And thank you for standing by, and welcome to CooperCompanies to acquire Cook Medical's Reproductive Health Business Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker host, Kim Duncan, Vice President of Investor Relations and Risk Management. Please go ahead.

Kim Duncan *The Cooper Companies, Inc. - VP of IR & Risk Management*

Good afternoon, and thank you for joining us. We are very pleased to announce Cooper's proposed acquisition of Cook Medical's Reproductive Health business. Joining me on today's call is Al White, President and Chief Executive Officer. During today's call, we will walk you through the strategic rationale behind this acquisition and how this transaction expands and leverages CooperSurgical's fertility business and ObGyn labor and delivery offerings. We will then open up the call for questions. A supplemental presentation to complement this afternoon's discussion can be accessed on our website in the Investor Relations section under Events & Presentations.

As you know, we plan to host Cooper's fiscal first quarter earnings call in early March. Given this pending transaction, we intend to provide a more complete outlook post the closing of this acquisition, which is subject to customary closing conditions, including entering into a definitive acquisition agreement and regulatory approvals and compliance with local consultation requirements.

Before we begin, let me remind everyone that this conference call contains forward-looking statements, including all statements regarding the proposed acquisition and its anticipated benefits. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and are subject to risks and uncertainties. Events that could cause our actual results and future actions of the company to differ materially from those described in forward-looking statements are set forth under the caption Forward-Looking Statements in today's earnings release and are described in our SEC filings, including Cooper's Form 10-K and Form 10-Q filings, all of which are available on our website at cooperco.com. In addition, on today's call, non-GAAP financial measures will be used to help investors understand Cooper's performance and outlook.

Before I turn the call over to Al, I would like to point out that our prepared remarks will track with the announcement presentation available on our Investor Relations website. And now I'll turn the call over to Al.

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

Great. Thank you, Kim, and welcome, everyone. As Kim mentioned, we have our quarterly earnings call coming up soon. It's actually on March 3. So, purposes of this call, I'm going to focus on just the acquisition, and I'm going to walk through the IR presentation that we have posted on our website. So I'll reference that as I walk through this.

Let me start on Slide 3 of the presentation. Hopefully, you've seen the news, the press release that came out that we are acquiring Cook Medical's Reproductive Health business. This business manufactures and sells minimally invasive medical devices focused on the fertility

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and the ObGyn market. So a great fit for us, obviously. Calendar 2021 sales for this business were roughly \$158 million. The business is comprised of roughly 73% fertility sales for last year and 27% ObGyn. The business was up 17% year-over-year in constant currency, a strong year, if you will, but also a rebound year from a weaker COVID year.

If we look at the deal terms, purchase price is \$875 million. That's comprised of \$675 million, which will be paid at closing, and \$200 million that will be paid in four \$50 million annual installments starting the first year after closing. And we expect to close this deal in this fiscal quarter, our fiscal Q2, subject to regulatory filings, including our HSR filing that we'll be doing here shortly.

At a high level, I look at the value drivers on this deal, and it expands and leverages CooperSurgical's fertility business and especially our labor and delivery offerings. I'll touch on each of those as I walk through this presentation. The deal is expected to be roughly \$0.60 accretive to non-GAAP EPS in year 1, and further accretive thereafter. I have a slide in here also at the end where I'll walk through some of the modeling assumptions.

If I turn to Slide 4. Let's touch on the strategic rationale to start. First and foremost is geographic expansion. We have a strong fertility business right now that's doing really well that, as many of you know, I'm really excited about the fertility space and the long-term growth characteristics. What this brings to us is international expansion. The area that we're most underindexed in the world is within Asia Pac. And that's the largest part of Cook's fertility business. So bringing that into the fold for us and having that geographic expansion is a really nice positive for us.

It accelerates our opportunities in China. As an example, maybe to quantify this a little bit. We have about 5 people working for us in our fertility segment in China. Cook has around 22. We don't have that many products that are registered in China. We're going through the registration process right now with a lot of products. They have several that are registered. So that's just one market, China, but there's other markets within Asia Pac that it's going to help accelerate our growth in. So I'm excited about that.

The other one on this one is the labor and delivery component. We have been expanding internationally when it comes to our medical devices. And Cook has salespeople in different spots around the world in EMEA and in Asia Pac, where we're going to be able to accelerate our medical device efforts. Now labor and delivery is clearly where they're focused now. We're going to be able to roll other products in.

So I'm kind of excited about that. We're in the early innings of deploying that strategy within CooperSurgical ourselves. It's going really well. I'm really optimistic about the future of that. And when you layer in what we're getting from Cook, I think that's going to help accelerate and make our direct strategy even better.

Expands our labor and delivery franchise, adding complementary and well-established devices to our portfolio. I'll touch on that a little bit more in a slide or 2. It leverages and expands our existing sales force. It adds roughly 115 commercial headcount across the world to our business. So a nice add for us. We need some more salespeople in different markets. So I'm happy to bring them on. By the way, that's commercial headcount, so sales, marketing, educational, clinical education, that type of training.

We have a great Costa Rica manufacturing facility. The team has done a fantastic job building that facility up and continuing to expand it. So we're going to be able to take the manufacturing of these products, roll that into Costa Rica over the next couple of years here and hopefully get some cost savings and efficiencies out of that.

And then I'm happy to say that we have complementary go-to-market and innovation strategies, we being Cooper and Cook. Cook is a great company in total, and this business unit is a great unit. Their philosophy and their culture is similar to ours on how they develop products and how they sell products. So I think it's a great cultural fit between 2 really strong organizations. So I think that just helps anytime you're doing a deal and you have your integration process you have to work through.

If we flip to Slide 5. We touch a little bit here on the fertility product portfolio. You'll see the needles and the catheters, equipment, the pipettes, the media, [which are complimentary] (corrected by company after the call) to products that you'll have seen from our portfolio. Now there are some unique differences here and there are some products that are new to us that I'm excited to bring into our portfolio.

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But as I mentioned, when you look at the fertility side, it's more of a geographic expansion play than it is anything on the product portfolio side.

Just to step back for a second. As a reminder, from a fertility perspective, if we look at fertility industry highlights, we estimate this market to be a little bit over \$1.8 billion right now, and that's the market that we operate in. So I'm excluding fertility clinic services and pharmaceutical products, that type of thing.

So a pretty strong market that's growing 5% to 10% on a global basis. We believe that those type of growth rates are good for probably 5 to 10, 15 years or something like that. It's a really, really nice industry. It's being driven by increasing maternal age, greater access to fertility treatments around the world, increased patient awareness and comfort with talking about fertility and getting treated, and greater worldwide disposable income.

And one fact that a lot of people might not be aware of, but up to 1 in 8 couples suffer from infertility worldwide. So if we can be there to help families have babies, that's a fantastic thing.

Flip to Slide 6, the ObGyn medical device side of the business. These are the 2 main products that we're getting, the Bakri balloon and the cervical ripening balloon. I want to talk about the strategic fit for a minute because I touched on that earlier. We have a nice obstetrics product portfolio right now, and we've been growing in that space. And when we looked at where we are from a portfolio perspective and did some market research, it was clear that the strong CooperSurgical name could be a lot more successful within the labor and delivery business, if you will, than where we were.

So our products right now that are really good, strong products, and we have a good team selling these, the vacuum-assisted delivery device, the fetal monitoring, the infant critical care, the C-section products that we have. Well, as many of you know, right, we recently added Generate Life Sciences, and that's going to be a great fit into that business. I'm excited about that. We also added Fetal Pillow when we did the Safe Obstetrics acquisition back in March of 2021. Now we're adding additional market-leading labor and delivery products.

So happy about these brand-new products coming to us that we don't have today. They layer into an already strong and strengthening labor and delivery franchise. So check the box, if you will, on fertility and on med device.

If we flip to Slide 7. We're looking at long-term revenue growth rates from this acquisition of 5% to 9% on a consolidated basis; fertility, 5% to 10%, which is where the market is at. We've been growing faster than that. I think if anything, we might be a little conservative here when I think about Asia Pac and the growth potential there. ObGyn products here, 4% to 6%. These are good products that they have, and they're successful selling them. So we believe we're going to continue to put up strong growth rates there. So 4% to 6% for the ObGyn gets you consolidated 5% to 9%.

The margins on this business are similar to Cooper's consolidated gross margins, and we anticipate this deal being accretive to our consolidated operating margins in year 1, which results in roughly \$0.60 accretion in year 1. Now to be clear, that \$0.60 accretion does include us reinvesting in the CSI business, if you will. That means hiring additional infrastructure, which we'll need to do to support our international growth here. So we've layered those costs in.

Interest expense, we assumed 2%; effective tax rate, 25%. These products do not have significant CapEx by any means. So there's really nice attractive free cash flow from this acquisition. And we'll be financing this with existing credit facilities. So we don't need to go raise money or do anything from a capital markets perspective.

So that's kind of the presentation. Let me pause here to see if there's any questions anyone has on the line. Happy to take any questions, talk about any of the details here. I'm pretty excited about this deal. So Kim?

Kim Duncan *The Cooper Companies, Inc. - VP of IR & Risk Management*

Operator, we're ready for questions.

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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question coming from the line of Matt Mishan with KeyBanc.

Matthew Ian Mishan *KeyBanc Capital Markets Inc., Research Division - VP & Senior Equity Research Analyst*

Congratulations on another quality add. I can understand the deal from your perspective. I think maybe it would be helpful to understand why Cook is exiting this business at this point in time.

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

Yes. I'm a little hesitant to speak on their behalf. We had been in discussions on this acquisition because it's an asset that we've been interested in for a long time. And I think at the end of the day, I just kind of say, hey, the timing was right from their perspective. So they'll use the money, I'm sure, and deploy it in whatever fashion works for them.

Matthew Ian Mishan *KeyBanc Capital Markets Inc., Research Division - VP & Senior Equity Research Analyst*

Okay. And then on the international perspective, what was CooperSurgical split U.S. versus OUS before this? And what's the split of Cook's business?

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

Yes. So let me see if I can answer that without getting into too many details. For this business, Cook's largest part of their [fertility] (added by company after the call) business is in Asia Pac and their second largest is EMEA, and then the Americas is the smallest part of their fertility business that we're purchasing. Now it's the opposite for the labor and delivery products or the ObGyn products, if you will.

If you look at our business, when you look at medical devices, we probably have around 15% of our business. Let me think. I'm thinking off the top of my head on medical devices. Let's call it \$30 million -- \$30 million to \$40 million of international sales. A lot of that is through distributors where we're now building out the model to go direct. So doing a deal like this is going to help us do that. Our fertility business is reasonably diversified right now between the Americas and EMEA, certainly under-indexed in Asia Pac.

Operator

Our next question coming from Larry Biegelsen with Wells Fargo.

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

Just a couple for me here. One, first, big picture, you've just invested almost \$2.5 billion in CSI recently. What does that signal, if anything, about the opportunities in CVI? And why do you still think it makes sense to keep these 2 businesses together? And second, maybe for Brian, if he's on. The \$0.60 accretion, maybe if you could walk us through the assumptions, the cost revenue synergies and how much you're reinvesting in CSI.

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

Sure. On the first one, I wouldn't say anything with respect to CooperVision. I love the CooperVision business. We're still investing around the world on that. These deals have no impact on what we're doing in CooperVision. We're investing aggressively. We're going to continue to invest. I love the contact lens business. So I would separate it from that.

From the perspective of the 2 businesses, I think they go together really, really well. And I think they complement each other in a lot of different ways, including from a cash flow perspective. So I like having the 2 businesses together. And frankly, at the end of the day, we're looking at medical devices here, and we're looking at products that can help consumers around the world.

So most of our products kind of have a consumer medical device feel to them, be it contact lenses, fertility products, PARAGARD, the cord blood and cord tissue storage. So from a strategic perspective, I like the idea that as a business, we have a lot of consumer medical device products, if you will, where there's a medical professional in the middle. So to me, they fit together really well.

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Brian is actually not on the call. He was heading to Hawaii on vacation. So I'll take the second part of that and walk through the \$0.60 a little bit. You have the revenues. You can kind of back into the operating margin, but it's a little bit above 30% there, and it gets you down to \$0.60 when you use the 2% interest assumption. Now that 2% interest rate does assume some conservatism, if you will, for rate increases, and it also incorporates the impact on other debt of moving up our pricing grid. And then we use a 25% tax rate.

Now I'm not going to get into the details behind how much we're investing. But would just highlight that all we're taking as part of this transaction is the commercial team. So you can imagine, it's fairly accretive and a nice operating margin when you exclude the investments that we're doing in CooperSurgical. Having said that, we are going to do those investments in CooperSurgical. We need to build out the infrastructure of that business internationally. So we're going to continue to do that. So kind of net all that out gets you to the \$0.60.

Operator

Our next question coming from the line of Jeff Johnson with Baird.

Jeffrey D. Johnson Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

A question for you. One, just on industry concentration and things like that, I thought I remember at one point, you guys had a big, big market share in media, I think in pipettes and catheters, a big market share. Are there any FTC issues? Or maybe help us understand kind of your market share, Cook's market share, industry concentration. Just any high-level thoughts you can provide there.

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

Yes. From a high-level perspective on that, most of the sales are in Asia Pac here for these guys and then in Europe and then in the America. So when you look at the product overlap, there should not be an issue there. I don't believe there's going to be an issue there. The main reasons for this acquisition are the international expansions, and the numbers and the drivers support that, right, whether it's on the fertility side or whether it's on the medical device side of products. And those medical device products are certainly all brand new to us. We don't even have any of those. So I'm not anticipating any issues.

Jeffrey D. Johnson Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Okay. And then on China and the increased exposure there, just this is relevant given other calls we've been on today and over the last couple of weeks. But just with some of the volume-based procurement, VBP issues going on in China across a lot of medical devices, are you aware of anything going on in China on the women's health care, on the fertility side, anything we'd have to think about the next year or 2 from a tendering process there?

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

No, that's a good question. No, I'm not aware of anything with respect to the fertility market there. So I have not seen or heard anything on that. That's a really high-growth market over there right now, but I have not seen anything when it comes to the volume pricing, those kind of details that would impact us. Now to be fair, we're relatively small. And even in the grand scheme of things, Cook is relatively small. But the short answer is no, I haven't seen anything.

Jeffrey D. Johnson Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Okay. And then maybe just a clarification. Sorry to go over the limit, Kim, but clarification just on Larry's question on asking about kind of the \$2.5 billion you've invested now in women's health care here recently in that. You JV-ed SightGlass, and I know you're very bullish on the myopia space. Now remind me maybe why you JV-ed SightGlass as opposed to putting some additional dollars there, given the bullishness in myopia management. It wasn't a capital issue then. I just can't remember exactly and would have thought some of these funds, maybe if you were so excited about myopia could go that direction, but clarify that for me.

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

No, great question. No, it was not a capital issue at all. On that one, it was just a matter of, it's not a core specialty of ours, if you will, right, glasses. So one of the things that I'm always a little hesitant about is when we go outside of our strategic expertise or our expertise, if you will, glasses was moving outside of our contact lens expertise.

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So we obviously know the industry really well. We know myopia management really well. We're doing really, really well in that space right now. But when I look at glasses and saying, hey, should we go that by ourselves or should we team with the #1 company in the world on that one and do that one together as a partnership to help grow the global myopia management business, it ended up making way more strategic sense to team with Essilor on that one than to go that alone. So it was not a capital issue at all.

Operator

Our next question coming from the line of Jason Bednar with Piper Sandler.

Jason M. Bednar *Piper Sandler & Co., Research Division - VP & Senior Research Analyst*

Congrats on the transaction. Just a couple from us. First, Al, I totally appreciate the timing isn't always perfect when it comes to M&A. And I did get the sense maybe these opportunities Generate Life, and the Cook deal here both happened to come together really close to each other, just by the way that things worked out. But maybe in light of that, I'd be interested to hear how you're balancing maybe the integration and investment support for 2 fairly sizable assets, at least in the context of what Cooper has done historically?

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

Yes. So one of the nice things about this is some of the folks who are handling this are responsible for different functions within our business. So even for the Cook acquisition, as an example, part of it is based on our medical device team, and then part of it is our fertility team. Now that obviously moves to the top, Holly runs that business, and Mark Valentine runs the commercial side of that. But we do have specialists within the different groups who handle that.

And even from an integration perspective, as you know, we've done a lot of deals over the years. So we have a really strong team there. Kerry Blair leads that team. He's done a ton of integrations over the [years] (corrected by company after the call) and is leading point on these 2 deals. So from that perspective, I think we're in a pretty good spot. I do agree, right? I mean in an ideal world, you'd have a little bit more spacing between your deals. But I'm not worried about it with respect to these couple of deals that we just did.

Jason M. Bednar *Piper Sandler & Co., Research Division - VP & Senior Research Analyst*

Okay. All right. Makes sense. And then maybe to follow up, I think, on an earlier question, I think on Larry's question. But just to maybe try again on the synergy side. And if you don't want to quantify, then I totally understand. But I guess how are you thinking about revenue synergies separate from cost synergies? Or is it going to be more on the revenue side? It sounds like that might be the bigger opportunity. But I guess any additional color there because it sounds like there could be some on both.

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

Yes, I think there could be some of both. I think there are some revenue synergies that we're going to get. We have a team. Alex leads our team, taking a lot of our products international. And that's a challenge in today's world, especially with COVID and traveling and hiring and so forth. So being able to do a transaction like this and leverage the infrastructure they have with some of our leading products in the medical device side is going to give us some synergies within that part of our business.

And within fertility, we have some great products. We just needed feet on the street, so to speak. We get more of that with Asia Pac and in some European countries. So we can get some revenue synergies there. When I look at the investments, yes, we need to hire people to support the business, but we will leverage those hires in the coming years.

So I look at \$0.60 in the first year, and it is going to grow, and it's going to be more accretive in year 2 and then more accretive in year 3 because the infrastructure that we're going to be hiring is kind of the core infrastructure that we'll leverage as we continue to grow. So I'm kind of optimistic about getting some revenue synergies here but also some OpEx synergies.

Operator

Our next question coming from the line of Joanne Wuensch with Citi.

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Joanne Karen Wuensch Citigroup Inc., Research Division - MD

I actually have 2. You said that, if I heard you correctly, growth last year was up 17% versus the previous year, but that was an easier comp or whatever language we're going to use because of a COVID impact. Could you tell me what it was looking like either on a 2-year stack or versus 2019?

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

Yes. So first, 2019, was roughly up 9%. So 2021 growth against 2019 was up roughly that. Cook ran into some struggles, specifically with respect to their European fertility business in 2019 to 2020 tied to COVID and is still working through some of that right now. So we'll be able to bring that in and certainly help clean that up and accelerate that.

Joanne Karen Wuensch Citigroup Inc., Research Division - MD

And my second question has to do with the balance sheet. Given the GLS acquisition and now this one, on a back-of-the-envelope pro forma basis, what will your debt ratios look like? And does this slow you down from making other acquisitions or because of your cash flow, you're feeling just fine?

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

From a leverage perspective, if we close this in Q2 here, which I think we will, we'll end the quarter, I believe, with funded debt-to-EBITDA of just a little bit under 3x. So I don't see us going over 3x leverage. I guess I'd probably answer that question by saying that we're going to focus on paying down debt. We generate a lot of cash. We have a really good cash flow business. The Generate business was a great add from a cash flow perspective. This is a good add from a cash flow perspective. We'll update our expectations on the March call. But we'll focus on paying down some debt here for a little while.

Operator

(Operator Instructions) Our next question coming from the line of Chris Cooley with Stephens.

Christopher Cook Cooley Stephens Inc., Research Division - MD

Congrats on another really strategic and also accretive acquisition. Maybe just a quick question. When we think about the asset of CSI, it has really materially transformed through the years, and you're looking at almost with this acquisition of close to 50-50 split between fertility and the core office portfolio, and those 2 groups have different growth rates and similarly different margin structures. Help us think about just kind of how you think about the total CSI portfolio going forward. Are there opportunities maybe to monetize a portion of that portfolio to continue to enhance the growth and the margin profile and at the same time delever more rapidly? Or does that core office portfolio as it stands really provide just incremental cash flow that you think is necessary for the overall asset as a whole?

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

Yes, Chris, that's a good question. I guess it's a big question. I could answer that probably talking for an hour. I'll try to make it more concise. I think that Bob Auerbach did a great job when he was bringing some of these assets together, and Holly just has a fantastic vision where she's taking CooperSurgical now. And I think when I look at where we sit today and where this business is going and I look at the medical device piece that we have, I look at PARAGARD within there, I look at life sciences, if you will, that piece with the storage and the fertility space, all under the umbrella of the ObGyn in kind of total, these businesses or these operations and products are really complementary to one another.

So we've done a lot of work looking at the marketplace and looking at the journey of women from pregnancy all the way through having the baby and treatment and everything else that goes along with it. And when you look at that umbrella, if you will, if you put an umbrella over that, everything that we're doing comes together. And there's a lot of strategic rationale behind that. There's been a lot of thought behind that to ensure that it's complementary.

And so when I look at it, I'd say there's no reason to monetize anything here. Now are some of these assets really valuable? Yes, fertility is an extremely valuable asset because it's in a long-term high-growth marketplace. But the other assets we have add a lot of value to the CooperSurgical name because they're highly credible. Our education, our clinical education team is fantastic. They can cover a lot of different products when they're going and talking to people. So it just all comes together really nicely under one umbrella at the end of

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the day.

So to me, it's a matter of, okay, we need to put our heads down here. We need to execute. We need to deliver numbers. We need to delever a little bit here. But we bring all this together, it's going to be a really, really nice business. And we have transitioned CooperSurgical from what I would call kind of a low single-digit grower to a business that's now growing considerably faster than that. And once we get this acquisition closed, I'm going to walk through that on one of our earnings calls talking about the future and what we look at as the consolidated future growth rates of CooperSurgical. But it's no longer the drag that it was years ago.

Operator

Our next question coming from the line of Robbie Marcus with JPMorgan.

Robert Justin Marcus *JPMorgan Chase & Co, Research Division - Analyst*

Congrats on the deal. Maybe just one from me. How do you think about the end game for the women's health business? We've seen, as other people mention, a lot of capital go to work here. I imagine there's probably, just from a market share and regulatory aspect, less you can put to work on the vision side of the business. So should we envision this over time getting a bigger and bigger percentage of Cooper overall?

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

Yes, Robbie, I don't know if I would necessarily say that. You are correct on the vision side. It's hard to deploy a lot of capital because you have a large oligopoly within the contact lens space right now. Now having said that, we're investing a lot in [CooperVision] (corrected by company after the call). I love the myopia management space. I love some of the opportunities in different markets around the world that we have, and we're hiring salespeople and investing in different areas to drive that. That's creating a really nice growth profile for CooperVision, right? And we're envisioning some nice solid growth from vision for many, many years to come.

So I look at the CooperSurgical investments as complementary to that. You are correct. We have strong cash flow that comes from vision, so we're able to deploy that. If we can deploy the cash into assets, whether it's R&D, whether it's organic growth or whether it's into these type of acquisitions that are going to give us revenue growth rates from those investments of mid- to upper single digits and margins that are in line to even above our consolidated operating margins, to me, that's a no-brainer, right? You're just creating a really nice business that's kind of a consistent up into the right business, meaning mid-, upper single digit, solid margins, consistent leverage within the business, delivers consistent EPS improvements.

It's just a good, solid, diversified medical device business. And that's really where I think we are right now, what we're creating and what we're going to continue to invest and try to accomplish going forward.

Operator

I'm showing no further questions at this time. I would now like to turn the call back over to Mr. White for any closing remarks.

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

Great. Thank you. Thank you, everyone. I appreciate you taking the time to call in and so forth on kind of short notice. As you can tell, I'm really excited about this deal. I think it's a great fit, and it fits well, frankly, with Generate that we did recently. So I kind of like where we sit here, and I'm excited about getting this one wrapped up and reporting results and giving everyone updates. And I look forward to speaking to everyone again here in kind of less than a month, on March 3 on our first quarter earnings call. So thank you again. Appreciate it and talk soon.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation. You may now disconnect.

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