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OVERVIEW:

Company Summary

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PRESENTATION

Robbie Marcus - *JPMorgan - Analyst*

Good afternoon, everyone. I'm Robbie Marcus, the Medtech analyst at JPMorgan. Really happy to introduce our next speaker, CEO, Al White of CooperCompanies. Al will do a presentation followed by some Q&A. Now?

Albert White - *Cooper Companies Inc - President, Chief Executive Officer, Director*

Thank you, Robbie. Welcome, everyone. I'll go ahead and jump right into this. For those of you who do not know us, we're the CooperCompanies, a medical device company. And we have two business units we'll discuss today, CooperVision and CooperSurgical.

CooperVision being the larger part of our business, about two-thirds of revenue is contact lenses. And the other part being CooperSurgical, which is a fertility and women's healthcare business. A couple of highlights to set a base here. The company has been around for a while, we sell products in over 130 countries, 16,000 employees, and over 50 million people benefiting from using Cooper products.

If I look at a couple of things here, this is always an interesting slide to me. If you go back to 2015 and you look at our business over the years, you could see the growth rate on a consolidated basis 8.6% CAGR, for a consolidated business, 16% growth rate for our CooperSurgical, 6.4% for CooperVision. You could see the consistency on this slide of the growth over the last 10 years.

We operate in two great businesses. I mean, at the end of the day, we have contact lenses, and we'll go through the details of that. But whether it's kids looking at their phones or whatever the reason, we're seeing an increase in myopia around the world, and that's resulting in increase in the degree of myopia and people wearing glasses and contact lenses. So that's a growth industry. There's a number of drivers that are driving the industry forward, we'll touch on those as we go through the presentation.

The other one here that's been a growth driver for us, has been our CooperSurgical business. We're the largest medical device fertility company in the world. We've been growing pretty rapidly. I think 14 of our last 15 quarters within fertility have been double-digit organic growth. So pretty strong, consistent growth for a long period of time, and you can see the consistency here over the years with the only dip coming back during COVID, and we're certainly expecting this type of growth to continue into the future.

If we look at our guidance, we reported earnings at the beginning of December. So just recently, our fiscal year-end is October. We started our new fiscal year here November 1. And our guidance for this year is 6% to 8% organic growth. CooperVision, that's 6.5% to 8.5% growth, 4% to 6% for CooperSurgical, and you could see 10% to 13% growth for or earnings per share.

If I step back a second and look at the business from a higher level perspective and look at the long-term corporate strategy, we highlight that on this slide with [four pillars](corrected by company after the call) here, drive sustainable revenue growth. We touched on that a little bit. And I'll go through it more when we break down the details of CooperVision and CooperSurgical, but very consistent, solid growth on an annual basis.

As a consolidated business, we're mid-single digit, maybe a little bit stronger than mid-single-digit grower. And as I mentioned, we anticipate we will continue to that driven a little bit by acquisitions, but much more so by organic growth and our own internal development.

Deliver profitability and leverage. This is a hot topic these days. We've been spending more time talking about it. I was spending time talking about it today. Last year, we gave guidance of 10% to 12% constant currency OI growth. We delivered 18%, 19%. This year, we've once again given guidance at 10% to 12%, obviously, looking to perform strongly against that. We started seeing SG&A leverage through the business as we've invested heavily over the years and the return on that investment activity is playing out. We're starting to see improving gross margins. So when I look at our business right now for CooperVision and CooperSurgical, but especially CooperVision, expecting improving gross margins as we move into this year.

Stewards of investor capital. Obviously, we're a public company. We're built for the long term. We're driving long term success. We think long term, our markets are long term in nature. They trend up into the right over time. So we need to invest and support that.

And then foster culture and community. Cooper's got a great culture. We have a great team. The management team has been around a long time. I've been with the company 20 years, Kim from IR and Brian and Dan, the whole group, Jerry who runs CooperVision, and Holly, a long-term management team. We've got a great culture. People love working for Cooper. It's part of the reason we're so successful.

If I break out the pieces here, we look at the contact lens market. The contact lens market globally is a little bit over \$10 billion. It's almost \$11 billion. As a matter of fact, my guess when we get the year-end numbers probably be \$11 billion. You can look at the market by competitor here, that's in revenue dollars, where we have 26%, a good strong 26% market share of that market.

The one thing I'd highlight out of here is this is market share in terms of revenue dollars. If you look at wearers, CooperVision is the number one contact lens company in the world. We have about 43 million wearers wearing our product, which is more than any other company, so we should probably update this slide and change it to where we're number one. But since this is investors and everybody is talking about dollars, this is probably appropriate.

If you look at categories, a big portion of the market is traditional spears, the regular vision correction that everyone needs. Torics and multifocals continue to grow as a percentage of the market. I remember it wasn't that long ago, we always said torics are 25%, multifocals, 10%. And we're just continuing to see those trend up.

Technologies have gotten better and better. The amount of options out there is better in terms of daily torics and daily multifocals, products like the one I'm wearing right now, like the multifocals are just fantastic. If you're wearing reading glasses like I was for a while, when you get into contact lenses, your ability to look down and read and look up and toss those glasses, it's a game changer from what it was a few years ago. So I couldn't recommend those enough for anyone in the room. I'll send you some free ones, if you want to try.

High barriers to entry for the market. We spend a lot on capital. Right now, we're spending more than normal. We're doubling up on a lot of our investment activity for capacity manufacturing on MyDay. For anyone who would enter this market, it would be brutally difficult, I mean, our CapEx this year will be over \$400 million. It was over \$400 million last year. It's just an expensive marketplace to be in, in terms of being able to produce enough product to get into the marketplace when it is growing as fast as it is.

Technology know-how. Obviously, it's FDA-based and different regulatory agencies around the world, a whole medical device company. A long history of product innovation. And I would add in there, it's not only product innovation, it's manufacturing innovation. Our ability to produce billions of contact lenses, which is what we'll produce this year. Billion, billions of contact lenses is something that would be incredibly difficult for anyone to replicate outside of the existing industry participants.

Favorable industry characteristics, strong fundamentals for growth. When people ask me this question, what should I do about my child? My child has myopia, they're going to get worse. The first thing I say is go outside. Go outside spend time outside look in the distance. But we all know that's not happening. I have a 17-year-old daughter, she spends all her time staring at their phone. As much as I hate it, that's a good thing for our industry. It's continuing to drive growth in our industry. We're seeing more wearers come in because of that. So wearer growth is a recession-resistant business. That's a plus/minus.

When times were bad in 2009, the contact lens industry grew 3%, we grew 5%, that's as bad as it gets. And when you go to the other side, we'll grow 8%, 9% in some years, industry will grow 6%, 7%. So it's kind of a tight band, but a very consistent grower on an annual basis.

If I jump into our products here, for those who follow us will know these and hopefully, some of you are wearing them. MyDay is our premium daily silicone hydrogel lens. Fantastic product. The only struggle we have on that product right now that we continue to see is the demand is greater than our capacity. So we're continuing to order and start up new lines to be able to hit demand. That's a good problem, but it's still a challenge as we continue to ramp up.

Biofinity is just a fantastic product. It's a monthly contact lens unlike MyDay and clariti, right, where it once throw it out at the end of the day. Biofinity is a full range. Essentially, any person in the entire world who wants to wear contact lenses regardless of what their script is we can make you a Biofinity contact lens. We have that ability, including all custom ability to produce anything that anyone could want.

Clariti is our other daily silicone hydrogel lens. Great product. And MiSight, we'll touch on. MiSight is our myopia control product to reduce the progression of myopia in children.

Contact lens macro growth trends. I've touched on a few of these already. You look at the growing global wearer base that's coming literally around the world, we see opportunities for growth. New fits and trade up. Right now, when a new patient goes in, you're a 15-year-old, you're a 16-year-old, you're heading your way to optometrist office, you are being fit in a daily silicone hydrogel lens. That's a difference from years gone by where people were fitting in monthly lenses.

You could still do monthly lenses or you could do a two-week or a seven-day replacement type lens and use solutions. But in today's world, you just don't need to. You can use daily lenses, and we're continuing to see that very slow shift as new wearers come into the market or coming in as daily wearers.

Growth in torics and multifocals. I mentioned multifocals, but torics is another one. A significant number of people having astigmatism. Not everyone needs a lens to fix, if you will, or address that astigmatism but a number of people are seeing optometrists to look for and treat astigmatism much better, and that's one of the reasons we're getting so much growth in our toric franchise. And we are the number one toric contact lens company in the world. So as we continue to see that trend happen, that's a positive for our business.

And then taking price. I mean, we took price again this year. As an industry, we've seen the entire industry taking price the last several years. That's been a positive. I think you're getting a market that pre-COVID had more participants.

If you move forward to today, you've got a high percentage of the market. 90% of the market is three players right now. So it's certainly an oligopoly. If you roll all four players, then you're very strong, 90%-some of the market.

Worldwide prevalence of myopia, just to touch on this very quickly. You can see the increase in myopia as we go to 2050. And on a percentage basis, right now, you're talking about a third, a little bit over a third of the world is myopic. And studies show half of people, 50% of people worldwide are going to be myopic by the year 2050. That underlies all of our growth. New wearers coming into the market underlies all of our growth, and that's what's happening.

You go specifically to CooperVision. As I mentioned, a long history of success. You can go back to 2014, 10 years ago, and see our 6% revenue CAGR. Our market share has gone from 19% to 26%. And I think we've taken market share since 2006, every single year in the contact lens industry. So we're well-positioned to continue to do that. We're very heavily focused on driving success in this business.

As I mentioned, number one contact lens company in the world, roughly 34% wearers, 43 million people wearing CooperVision contact lenses.

Innovation. Everyone talks about innovation. There's only one contact lens on the market. There's only one product on the market to treat myopia progression in children. That's an FDA-approved product. That's MiSight that CooperVision created, we invested in, and we created that product.

So the idea behind that is any child who's myopic and their myopia is going to continue to get worse. They wear this contact lens. It eliminates or reduces the progression of myopia in the child.

So we've seen a lot of success on that, frankly, not as much as I thought we were going to see. Where we've seen the big success is where a parent or both parents are high myopes, and they know the impact of that, I mean, if you have [myopia and](added by company after the call) your vision is minus 5 or minus 6, you know that you want your child to have some visual correction if they can get it to reduce that progression so that your child ends up being a minus 2 or something around those lines.

So we've seen a lot of improvement and a lot of uptake on high myopes. It's been slower than we were expecting in some of the lower myopes. But I think as we move forward and we talk about spectacle lenses here with SightGlass, that's a joint venture we have with EssilorLuxottica. We're optimistic that we're going to get FDA approval on SightGlass as we finish this year. Once we can get myopia control glasses into the market and truly become standard of care, which it should be, every child that walks into an optometry office should be fit in myopia control products. The easiest is obviously glasses, contact lenses for 8-, 9-, 10-, 11-year-old is a harder sell.

But we have to get every child that we can into this, it will become standard of care. So if SightGlass gets approved, I think that's going to be a very successful product. Right now, that is selling. We launched it as MiSight spectacles, MiSight glasses in Spain, and some other markets. We have it in China right now, it's just doing absolutely fantastic. So it's a great product. I'm super excited about that. And Ortho-k would be another myopia management product that we have that we're continuing to sell.

Jumping in to a CooperVision summary, I'm not going to read all this. But at the end of the day, it comes down to fantastic products, great customer support, and relationships. We're the only company really the only company that's doing customer brands. So if you go buy Kirkland contact lenses as an example, you're buying CooperVision lenses, that would be true, Specsavers, GrandVision, and different big retailers around the world.

So we have a lot of those key accounts. It creates complexity for us in terms of our logistics, our distribution system for packaging and labeling, but it's a pretty significant advantage for us. And then I won't read the long list here.

Jumping to CooperSurgical, the other part of our business. We spent a lot of time on Vision and maybe don't spend enough time here, but about 40% of this business is fertility. It's a really exciting business for us. And then the office and surgical is 60%. I like this quote down here: roughly every 30 seconds, somewhere around the world, a baby is born using CooperSurgical products. I just think that's a cool quote. When it came up, I found it hard to believe, honestly. But when you think about it, that's how prevalent we are throughout the OB-GYN community.

History success, durable sales, this includes acquisitions, but you could see a 10-year revenue growth CAGR of 15%, over 600 products, 130 countries. 40 acquisitions is how we built this business over the years. That number will end up tailing off here where we are right now, but the business is built from acquisitions over the years.

If we look at the fertility business, combined products and services, we had the broadest portfolio out there selling to fertility clinics, be it capital equipment, consumables, the genetic testing that we have is market leading. Donor egg and sperm activity that we have and the cryo solutions that we offer.

So we have the full gamut, right, coming from the point of if somebody wants to go through the fertility process, if you need donor eggs, need donor sperm, to the point of media, creating the embryo, to genetic testing of that embryo looking for genetic abnormalities, or ranking those. Because we've done most of this genetic testing, our AI platform is built around looking at these embryos and [identifying](added by company after the call) what embryo is going to give you the highest probability of a successful child.

That's a clear game-changer and very unique to us. At the end of the day, you go to the extreme and you could say, why would anybody have a baby without going through IVF, when you could do genetic testing and say, I can eliminate all genetic abnormalities. CRISPR presented, but they could even add on to that if they wanted to.

But the AI platform that we have right now, when you're going through the fertility process and you have five embryos to choose from, and historically, you didn't know which one to choose from, we now rank those and say, hey, this embryo has the best chance of success. That's a game changer in the fertility space. It's a big deal for us and it's part of the reason that we've been growing this business as successful as we have, for as long as we have. Take genetic testing all the way through the process to the embryo transfer catheter and so forth. So we're offering the full gamut of products and services to the fertility clinics.

Fertility. For those who don't know, on a marketplace for where we participate, the market is a little bit over \$2 billion, growing 5% to 10%. We're pretty consistently growing in the upper-single digits. And as I mentioned, we have many, many quarters where we reach into the double digits.

Couple of facts here that are interesting. One in six people experience infertility at some stage of their lives. So a pretty significant number. It touches a lot of people. That used to be a quiet fact where people didn't want to talk about it. It's not anymore. People are much more willing to discuss their fertility challenges.

Over 1 million babies are born annually from assisted reproductive technologies. That's a pretty big number. And if you look at the cause for it, it's not a women-based challenge. A third of the time, it's women, a third of the time it's the man, and a third of the time, it's a combination of the two of them.

So just some interesting statistics and numbers in there. This is a long-term growth market. I believe we're going to look at this market and 10 years from now, we'll be looking back saying, wow, the fertility market continued to grow mid-, upper-single digits on an annual basis.

Growth trends here on the right-hand side, the continued drivers, women delaying childbirth, the longer that a woman waits in order to have a child, the harder it is to get pregnant. And that's one of the biggest factors that's been driving fertility growth around the world.

Improving access to treatment. There's more clinics that are going up in different spots around the world, patient awareness, people understanding what's out there, and the availability of this and how it works. And that there's a greater likelihood of success than maybe what there was historically. All of that technology improvements and so forth are all helping to drive the success of the fertility industry.

When we look at markets in Japan and a number of other markets where birth rates are not high enough to replenish that population on a consistent basis, we are seeing a lot of those countries starting to offer insurance reimbursement and other types of coverage. So that's another positive that's pushing the industry forward.

Office and Surgical. Another part of our business here that's focused on the OB-GYN, you got labor and delivery and operating room, a variety of our different products that are over here. We have a number of premium market leading products within the obstetrics space. That's been built over the years. So if you're in that world, you would certainly know the names of our products.

And then we have Paragard, which is a non-hormonal IUD, fairly flat product but high-margin. CBR, which is core blood storage, similar, fairly low-growth, high-margin product that we have. There are some facts along the right-hand side. I'll skip over those.

If you look at the two pieces here to break this up a different way, you have the medical device side, which is your traditional OB-GYN medical devices. We've actually broadened that just a little bit to go out of pure OB-GYN when we're finding some really successful products. So that's been a nice business for us. It's kind of low- to mid-single-digit growth and decent margins or traditional med device business if you will.

Stem cell storage. I've mentioned the cord blood storage for those that possibly use CBR and have your baby's cord blood stored with us.

ESG highlights. You look at ESG as this has been part of the fabric at Cooper for a long time. This is way before people were running around talking to ESG. It is something that we needed to do as a company. We manufacture a significant amount of our contact lenses as an example, in Puerto Rico.

Puerto Rico has an unstable power grid. We built a micro power plant in Puerto Rico. So we have that with all the turbines in there. We finished production of that a couple of years ago. We're actually starting to see the leverage from that investment activity, that was a long-term project. We're starting to see the upside from all of that work its way into our P&L.

So I mean, that type of thing is what we do as a company. We look at ways that are positive for the environment but that are also positive for us from a business perspective. We've been doing that for years. We'll continue to do that.

I think this might be the last slide. Driving long-term sustainable value. As I mentioned a couple of times, great businesses that we operate in, just the core business itself is growing the marketplace itself is growing nicely, and we grow a little bit faster than the overall market. So strong tailwinds will continue to drive forward and contact lenses and fertility, especially.

Brand leadership, if you're out in the marketplace, you would know our brands. We're one of the top companies out there. You might not necessarily recognize CooperVision, but you're definitely going to know Biofinity as an example. It would be the same within the fertility space and some of the other areas within the OB-GYN space.

Leverage investments to drive continuous improvements. I'll touch on this in a minute, and Robbie will ask me about it. This is the investment side for us. As we shifted within CooperVision and moved more to dailies and want to grow our daily share and continue to increase our overall share, we have invested very heavily in the last several years in manufacturing facilities and manufacturing lines and distribution centers, and the IT associated with that and the IT that comes along with that.

So we've done that very heavily in CooperVision. We've done that within CooperSurgical. We went live with a brand new ERP at CooperSurgical this past February. Yes, we had our disruptions on that, but we're running smooth right now on that. We're starting to see that investment activity come through the P&L. We're starting to see that leverage work its way through, and that's improving our operating margins. The only thing that has offset that has been currency has been a negative against that, but very consistent operating margin growth, and we're really focused on driving that.

The other thing that is an important point here is free cash flow. We've seen heavy investment activity. We're seeing the margins because of that activity start to work its way through the P&L. We're going to see more of that this year, especially when the gross margins and a heavy focus on free cash flow.

We had about \$290 million of free cash flow, which is pretty light for us last year. We should be somewhere around \$100 million higher than that this year. And then I think we're going to end up seeing a situation where big CapEx investment starts to level off, if not come down, and we'll see free cash flow continue to improve in '26 and '27. So that's certainly a focus area of ours.

Long-term focus is on creating shareholder value. As I mentioned, our industries that we operate in, grow mid-single digits consistently, we grow a little bit faster than that. That allows us to have visibility to the future and invest for long-term returns. And a proven track record of delivering strong financial results and revenue growth, I've highlighted that in several of the slides where we've seen very consistent long-term revenue and EPS favors. We anticipate and are working very hard to ensure that continues.

That might be it. So I ran through that. Happy to answer any questions. Robbie's here.

QUESTIONS AND ANSWERS

Robbie Marcus - JPMorgan - Analyst

Maybe we can start with where we left off on fiscal fourth quarter. Two things I wanted to touch on. First was the contact market growth. I think it originally started off at 5% last year at this time, went up to 7%, guidance is for 5% for fiscal '25. Just wanted to see if you've seen any trend change over the past few months since the earnings call and if [5%] is still the right place to be?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Yes. Since the earnings call, I would definitely say the market is more positive. We had pricing increases go through by all the major companies took solid price increases. We took the most this year in terms of price increases. But that activity is done it's behind us. I would say the base floor, in the industry in the marketplace because the pricing is certainly healthy. That's for sure. So I would anticipate a stronger market, certainly than 5%.

Robbie Marcus - JPMorgan - Analyst

Great. And I know you had always had a lower price point than your competitors. Do you still feel like one, there is room for positive pricing in the industry overall and then two room for Cooper to continue to close the gap with maybe a little above market pricing in the future?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Yes. I would say that is yes to both of those. I think that as an industry right now, the industry has moved more towards innovation and whether that distribution innovation or whether that's product innovation, you've seen that move. And as you've seen the industry consolidate a little bit, it puts us in a position, I believe, as an industry where we're going to be able to at least take inflation.

And for those who are unaware, pre-COVID, you were seeing an industry where you're seeing about 1% a year price increases. Last year, this year, we're somewhere in that 2% to 3% net price increasing. I think you'll see that this year on a global basis, it won't surprise me if you continue to see higher price increases in the future.

Robbie Marcus - JPMorgan - Analyst

On the other things in fourth quarter was destocking across multiple geographies and different products. Have you been able to understand if that destocking was more financially driven or what was driven behind it? And is that something that we could see restocking at any point in the future?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Yes. That's a great question because I think that's hit our stock here recently. We reported earnings at the beginning of December when we reported earnings, we were continuing to see the underlying market be strong. So we're seeing consumption. We were seeing fitting activity remain consistent and remain strong in terms of dailies and torics and so forth. But we saw a pullback in some of our revenue activity.

Now, we still had a strong Q4, there'll be earnings and so forth, but it came in the last couple of weeks a little bit softer than we anticipated. That moved its way in November. In the beginning of November, we had a couple of weeks there where it was a little bit softer than it normally was. At the time of the earnings call, that was relatively recent. And I was saying, hey, we're seeing things move back to normal, but a little uncertainty around the driver there.

Standing here today, I would tell you that, that was stocking or destocking, that was inventory related. Some of that was definitely tied to the hurricanes. It seems like a little bit of a distant memory now, but remember that the hurricane is moving up the East Coast. You had some of that activity, and we saw some distributors and key accounts pull back on some of the inventory that they were holding.

We see that every now and that kind of channel inventory ebb and flow a little bit. It's not a big dollar amount, so I certainly wouldn't want to make too big a deal out of it because it's not that big of a deal, or that big of a dollar amount. But we have certainly seen the contact lens market from our perspective, return to normal and normal growth. We saw that in December. We're seeing that through January.

Robbie Marcus - JPMorgan - Analyst

Maybe we could talk on MiSight and SightGlass. MiSight smaller dollars, but very healthy percentage growth and pretty good incremental dollar growth year over year. But like you said, SightGlass is really the one that can lead the way because with younger kids, glasses is a lot easier. Just remind us of when we should expect approval in the US? And then how to think about the financial contribution, it is a JV. How should we think about the financial contribution to Cooper once it is launched?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Sure. Yeah. So as a reminder, SightGlasses is a joint venture, a 50/50 joint venture between us and EssilorLuxottica. Essilor recognizes the revenue on that product. We show a gain or loss below operating income. So right now, because that's all launch based around the world, that's just a loss that comes through our P&L every single quarter. Obviously, we're anticipating that product growing.

As I mentioned, we have the only FDA-approved product in the market with MiSight contact lenses for myopia control. We are well on our way with FDA, hopefully, to get approval at the end of this year. We have breakthrough designation on that. We're finishing up our latest year hear on clinical studies and believe we got a good chance to get FDA approval at the end of this year.

And you're right, Robbie, I look at it and I still go back, I said this earlier, myopia control will be standard of care. And when I talk to optometrists all over the place, they'll say, hey, my office isn't really set up for kids or my office isn't this or that. But if children come in here, I have to have a place where I can refer them to somebody to get treatment. This is a treatment and as we talk to some of the bigger key accounts and that have numerous locations, they are all talking about taking one of those locations or creating a new location where they have a myopia control center, where they can just send the kids similar to pediatric dentistry, right? You take your kids in and maybe it's a couple of kids and they're playing video games or whatever, that kind of stuff create a better requirement for children and fitting and education of what myopia progression is. So it's really exciting. I'm still really passionate about it. I do believe that it's going to be a multibillion-dollar market and contact lenses, we'll certainly have the place.

Robbie Marcus - JPMorgan - Analyst

You like three years from now, you think SightGlass or MiSight is a bigger contributor to Cooper?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

From a revenue perspective, we recognize MiSight and not SightGlass. So obviously, from a P&L perspective for us, it would end up being MiSight. But I think when I look at long-term profits and long-term potential, SightGlass has a very significant and positive runway too.

Robbie Marcus - JPMorgan - Analyst

Maybe we could touch in the women's health business. I think we've been anticipating a competitor to your anti-pregnancy product for well over a year now, and we just haven't seen it come through. What do you think the status is there? And is there at some point in the near future where just it would be unlikely that we see a competitor a generic launch?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Yeah. So we have Paragard, which is the only non-hormonal IUD in the market. We do about \$180 million of revenue on that. It was in 2023, when news was coming out from a competitor that they were going to get an FDA approval and launch a competitive product. That product has not been approved. It's not on the marketplace right now.

You'd have to talk to them as to why they don't have approval on that. But we obviously haven't sat still or sat on our hands during that time or prior to that time. We had started to work on a single-handed inserter to make our IUD insertion the same as like Mirena and Liletta. We received FDA approval on that this year. We've launched that product, which was something that they had that we didn't have. So now that competitive advantage is gone.

So we're continuing to work very hard to establish our base there. But yes, I don't have any updates on whether they're going to get approved or not.

Robbie Marcus - JPMorgan - Analyst

You've added a lot in the women's health business, specifically with fertility. This is a high-growth area. And it's been a really nice performer over the past several years, quarters. Is there more to do here or do you feel like you have a complete product portfolio at this point?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

We have a complete product portfolio. We looked at buying a part of Cook's fertility business. And we went through that process at the end of the day, the FTC blocked that transaction. When they blocked that, we started investing more aggressively ourselves in geographic expansion. And that was one of the reasons we were doing that acquisition was to get their footprint in spots. So we've actually been doing that investment ourselves over the past year.

From a technology perspective, we're in a really good spot. We're a leader on the genetic testing side, where there is technology advancements, and we do some of that work ourselves. We are doing internal R&D work to develop new products because the likelihood of an acquisition is, I don't know if it's zero, but it's certainly significantly lower.

Robbie Marcus - JPMorgan - Analyst

When you had the fiscal fourth-quarter earnings call, much of the currency moves had already happened. There's been a little bit more, I believe, since the earnings call. Any updates on currency as it stands today?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Yeah. I mean, currency, from the time we gave initial guidance has moved against us so it is worse than it was then. You're right, there was a lot of currency movement that had already happened. But there's a little bit more that's transpired since we gave earnings.

I would say as a business, our philosophy continues to be if currency is a positive or currency is a negative, we let that flow through in the P&L and we hedge below the operating income line, but the core P&L through. So that's a negative for us.

I would just remind people that we gave guidance of 10% to 12% constant currency OI growth last year, worked really hard to outperform that. We did. We were upper teens. We gave guidance this year, 10% to 12% constant currency OI growth, and we're going to work really hard to outperform that number.

Robbie Marcus - JPMorgan - Analyst

Cooper has been in a very heavy investment cycle. We're now seeing the light at the end of the tunnel, we talked about, I believe, it was a \$100 million increase in free cash flow in fiscal '25 over '24. Where exactly are we in that investment cycle? And how far are we away from another peak in an investment cycle?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

I would say that we're going to have high CapEx this year. We'll have higher CapEx into next year. Next year, I think the actual hard CapEx numbers should come down. And certainly, as we move forward, it will come down, especially as a percentage of revenue or however you want to look at.

I would say from an investment cycle perspective, once we get done with this, we'll continue to add lines and we'll continue to invest to support the growth of the business, but you're not going to see another investment cycle like we're going through right now any time in the near future. This more than supports our catch-up mode that we need.

Robbie Marcus - JPMorgan - Analyst

At least one of your competitors was talking about a different type of material for contact lenses beyond silicon hydrogel. Are you investing in any other future materials beyond silicon hydrogel and where do you stand on that?

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

We continue to invest in upgrading technologies and new contact lenses to do everything from improving the fit and the comfort. Silicone hydrogel itself is a great material, has significant oxygen permeability and more than enough oxygen permeability for what's needed right now. So it's more tweaking and doing that kind of stuff.

When you think about contact lenses for anyone who doesn't wear them, one of the challenges the lens ends up being difficulty of putting them in or the difficulty of taking them out. Some contact lenses are much easier to take out than other contact lenses, and that has advantages and disadvantages. So trying to really fine-tune that and make that perfect so the wearer is getting the maximum value out of the lenses, easier to put in, great lens throughout the day, easy to take out at the end. That's frankly, at the end of the day, that's MyDay.

When you look at it and say, why is MyDay so successful as a product? And why is it more successful than all these other competitive products, and you get a taste test, what you would find is people would say, hey, that's the easiest lens to put in, take out, and wear all day. I mean, when I wear mine, it's just a matter of I have to remember to take them out at the end of the day before sleeping. So we'll continue to do that kind of advancement. I don't see a scenario where you're talking about a new material.

Robbie Marcus - JPMorgan - Analyst

Okay. Great. Well, we're out of time. AI, thanks for a great discussion. Thanks, everyone, for joining.

Albert White - Cooper Companies Inc - President, Chief Executive Officer, Director

Thank you.

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