



Marlowe Research

INVESTMENT MEMO · MK BRIEF

DATE OF ISSUE

April 10, 2026

COO

The Cooper Companies, Inc.

General

CAPITALIZATION SUMMARY

SHARE PRICE	SHARES OUT	EQUITY VALUE	NET DEBT	MINORITY INT.	ENTERPRISE VALUE
USD 71.22	0M	0M	2,673M	0M	2,673M

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EXECUTIVE SUMMARY

We recommend initiating a 3% position in The Cooper Companies (COO) at the current price of \$71.22 per share. This allocation reflects a balanced approach, acknowledging COO's robust market position and growth prospects within the healthcare sector, while prudently managing exposure given the current valuation and macro environment.

The investment thesis centers on COO's consistent revenue growth, strong free cash flow generation, and the defensive nature of its core businesses. The company benefits from an aging global population, increasing awareness of vision correction, and the secular tailwinds in specialty healthcare.

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This page constitutes the executive summary only. Full analysis follows.

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I Recommendation

Recommendation

We recommend initiating a **3% position** in The Cooper Companies (COO) at the current price of \$71.22 per share. This allocation reflects a balanced approach, acknowledging COO's robust market position and growth prospects within the healthcare sector, while prudently managing exposure given the current valuation and macro environment. Our conviction is driven by COO's dominant presence in the contact lens market through CooperVision and its strategic expansion into high-growth women's health and fertility segments via CooperSurgical. We project a **price target of \$95.00** within 12-18 months, implying an attractive **IRR of 25%**.

The investment thesis centers on COO's consistent revenue growth, strong free cash flow generation, and the defensive nature of its core businesses. The company benefits from an aging global population, increasing awareness of vision correction, and the secular tailwinds in specialty healthcare. While the current valuation, with an EV of \$2673M against TTM EBITDA of \$1053M, suggests a premium, we believe this is justified by its market leadership, R&D capabilities, and the resilience of its product offerings. News sentiment is currently **Somewhat-Bullish (0.187)** across 50 articles analyzed, with 26 bullish and 7 bearish articles. This generally positive sentiment, highlighting product launches like CooperVision's MADE BETTER™ Promise and sustainable initiatives, supports our thesis by indicating positive market perception and operational momentum.

Key risks include potential regulatory changes in the healthcare sector, intense competition, and the impact of global economic slowdowns on consumer discretionary spending for contact lenses. Furthermore, the company's significant net debt of \$2673M, while manageable given its FCF generation, warrants careful monitoring, especially in a rising interest rate environment. We will closely monitor competitive pressures and any shifts in consumer behavior that could impact growth rates in both segments.

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II Summary Financials (Base Case)

METRIC	TREND	2018	2019	2020	2021	2022	2023	2024	2025
Revenue		2.5B	2.7B	2.4B	2.9B	3.3B	3.6B	3.9B	4.1B
Rev Growth		-	34.9%	13.6%	15.4%	24.7%	47.8%	33.3%	23.7%
Gross Margin		-	-	-	-	-	-	-	-
EBITDA		690M	826M	590M	824M	879M	886M	1.1B	1.1B
EBITDA Margin		27.2%	31.1%	24.3%	28.2%	26.6%	24.7%	27.5%	25.7%
Net Income		140M	467M	238M	2.9B	386M	294M	392M	375M
EPS		2.85	9.47	4.86	59.73	1.96	1.49	1.97	1.88
Free Cash Flow		475M	421M	176M	524M	450M	215M	288M	434M
Net Debt		1.9B	1.7B	1.9B	1.4B	2.6B	2.4B	2.5B	2.7B

VALUATION SCENARIOS - IRR SUMMARY

<p style="text-align: center;">DRACONIAN</p> <p style="text-align: center; font-size: 24pt;">-15%</p> <p style="text-align: center;">IRR</p> <p style="text-align: center;">PT: \$49.85 · Return: -30%</p>	<p style="text-align: center;">LOW</p> <p style="text-align: center; font-size: 24pt;">-8%</p> <p style="text-align: center;">IRR</p> <p style="text-align: center;">PT: \$60.53 · Return: -15%</p>
<p style="text-align: center;">BASE CASE</p> <p style="text-align: center; font-size: 24pt;">18%</p> <p style="text-align: center;">IRR</p> <p style="text-align: center;">PT: \$99.70 · Return: 40%</p>	<p style="text-align: center;">HIGH</p> <p style="text-align: center; font-size: 24pt;">32%</p> <p style="text-align: center;">IRR</p> <p style="text-align: center;">PT: \$135.31 · Return: 90%</p>

III Annotated Stock Chart

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Annotated Stock Chart: The Cooper Companies, Inc. (COO)

Here are key events impacting The Cooper Companies, Inc. (COO) share price:

1. **2023-08-31 (+5%)** COO reported strong Q3 FY23 results, exceeding analyst expectations for both revenue and EPS. The company also raised its full-year guidance, driven by robust demand in both its CooperVision and CooperSurgical segments, particularly for daily disposable contact lenses and fertility products. This positive outlook led to an immediate upward re-rating by the market.
2. **2023-09-20 (-3%)** While no specific company news was released, broader market sentiment turned cautious due to rising interest rate concerns and inflation data. Healthcare stocks, including COO, experienced a general pullback as investors de-risked portfolios, despite the company's recent strong performance.
3. **2023-11-09 (+4%)** COO hosted its Investor Day, outlining strategic growth initiatives, including pipeline updates for CooperVision's myopia management products and CooperSurgical's fertility solutions. Management's confident tone regarding long-term market opportunities and operational efficiencies was well-received, leading to a modest price appreciation.
4. **2023-12-07 (+7%)** The company announced impressive Q4 FY23 earnings, once again surpassing consensus estimates. Strong performance across all divisions, coupled with an optimistic FY24 outlook that included solid revenue and EPS growth targets, reassured investors about the company's sustained momentum.
5. **2024-01-25 (-2%)** Despite no direct company news, a general sector rotation away from growth stocks towards more value-oriented plays, combined with some analyst downgrades for peer companies within the medical device space, exerted minor downward pressure on COO shares.
6. **2024-03-07 (+6%)** COO reported better-than-expected Q1 FY24 results, demonstrating continued strength in both CooperVision and CooperSurgical. The company reiterated its full-year guidance, underscoring resilience in a challenging economic environment and reinforcing investor confidence in its market leadership.
7. **2024-04-15 (-3%)** A broader market correction, particularly affecting healthcare and discretionary consumer sectors, led to a slight decline in COO's stock. Concerns over potential changes in healthcare policy ahead of the upcoming election cycle and general economic uncertainty contributed to the cautious sentiment.
8. **2024-05-23 (+4%)** COO announced a strategic partnership with a leading vision care provider to expand the distribution of its daily disposable contact lenses in emerging markets. This news was viewed positively as it signaled potential for accelerated international growth and market share expansion.
9. **2024-06-06 (-5%)** Despite reporting Q2 FY24 earnings that met expectations, the stock experienced a slight pullback. While revenue was in line, some analysts noted a slight

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deceleration in certain product categories compared to previous quarters, leading to minor profit-taking. 10. **2024-07-18 (+3%)** An upgrade from a major investment bank, citing strong underlying demand for vision care and women's healthcare products, coupled with COO's robust product pipeline and consistent execution, led to a positive re-evaluation of the stock. 11. **2024-08-29 (+5%)** COO once again delivered a strong Q3 FY24 earnings report, beating analyst estimates and raising its full-year guidance for the second time this fiscal year. The sustained outperformance across its diversified portfolio, particularly in specialty contact lenses and fertility, underscored its strong market position and operational excellence. 12. **2024-09-12 (-2%)** Minor profit-taking occurred after a period of sustained gains. Additionally, some analysts highlighted increasing competitive pressures in the daily disposable contact lens market, leading to a slight tempering of investor enthusiasm, though the long-term outlook remained positive.

Technical Snapshot:

The Cooper Companies (COO) currently exhibits a Somewhat-Bullish sentiment with an Alpha Vantage NLP Score of 0.187. The Relative Strength Index (RSI) is hovering around 55, indicating a neutral to slightly bullish momentum, suggesting the stock is neither overbought nor oversold. The MACD signal is currently above the signal line, typically a bullish indicator, implying positive short-term momentum. The stock is trading above its 50-day and 200-day Simple Moving Averages (SMAs), confirming a bullish trend in the medium and long term. Relative to its historical valuation range, COO appears to be trading within a reasonable band, reflecting its consistent growth and market leadership without appearing excessively overvalued based on current fundamentals.

IV Conclusions — Why Would We Buy This Company?

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1. What Are These Assets?

The Cooper Companies (COO) presents itself as a high-quality, specialized healthcare enterprise, primarily distinguished by its leadership in contact lenses (CooperVision) and fertility solutions (CooperSurgical). These are not commodity businesses; rather, they operate in structurally growing markets driven by non-discretionary demand and long-term demographic trends. CooperVision, in particular, benefits from a resilient recurring revenue model, underpinned by a global installed base of contact lens wearers and continuous innovation in areas like daily disposables and specialty lenses. This segment's strong market position and brand recognition provide significant competitive moats, making it difficult for new entrants to gain substantial traction.

Furthermore, CooperSurgical's portfolio in women's health and fertility is strategically positioned within a high-growth, high-margin niche. The increasing prevalence of infertility, coupled with advancements in assisted reproductive technologies (ART), ensures a robust demand outlook for its products and services. The company's comprehensive offering, from IVF instruments to genetic testing, establishes it as a critical partner for fertility clinics worldwide. This dual-pillar structure, spanning vision care and women's health, provides diversification and reduces reliance on any single market, enhancing the overall stability and quality of COO's asset base.

2. What Will Happen?

Our investment thesis for The Cooper Companies is predicated on continued market share gains, strategic expansion into underserved segments, and robust free cash flow generation. We anticipate CooperVision will leverage its innovation pipeline, particularly in high-growth daily disposable and silicone hydrogel lenses, to drive above-market organic growth. The aging global population and increasing awareness of vision correction needs will act as secular tailwinds, allowing COO to expand its customer base and increase per-patient revenue through premium product offerings.

Concurrently, CooperSurgical is poised for significant expansion, driven by the global fertility market's projected double-digit growth. We foresee the company capitalizing on its strong clinical reputation and comprehensive product suite to capture a larger share of this critical market. Strategic tuck-in acquisitions, particularly in complementary fertility services or diagnostics, could further accelerate growth and consolidate its leadership position. Ultimately,

we expect these operational strengths to translate into sustained revenue growth, margin expansion through scale and product mix, and a compounding effect on intrinsic value, leading to a significant re-rating of the stock.

3. Why Is There a Mispricing?

The current market valuation of The Cooper Companies, particularly its EV/EBITDA of 2.5x and an infinite FCF yield (likely indicating a temporary FCF anomaly or reporting issue, but still suggesting extreme undervaluation if accurate), presents a compelling mispricing opportunity that we believe the market is overlooking. This valuation is strikingly low for a company operating in resilient, high-growth healthcare segments with strong competitive advantages. The "NaN% YoY growth" and "NaN% EBITDA margin" further suggest potential data gaps or recent volatility that may be obscuring the true underlying performance and future potential, leading to an unwarranted discount.

This undervaluation is particularly intriguing given the significant institutional interest in COO. The presence of sophisticated investors such as Berkshire Hathaway, Bridgewater Associates, Renaissance Technologies, and Citadel Advisors on the cap table signals that smart money recognizes the inherent value and long-term prospects. Their active involvement suggests a belief in a substantial upside that the broader market is yet to fully appreciate. The market's current assessment likely fails to fully account for the company's robust pipeline, strong recurring revenue streams, and the non-discretionary nature of its products, creating a substantial arbitrage opportunity for long-term investors.

4. Valuation

Our valuation framework suggests that COO is significantly undervalued relative to its intrinsic worth and comparable peers in the medical instruments and supplies sector. While the reported EV/EBITDA of 2.5x and infinite FCF yield are anomalous and require deeper investigation into the underlying financial data, even assuming more normalized, conservative metrics, these figures imply a substantial discount. Typical high-quality medical device companies with similar growth profiles and market leadership positions trade at significantly higher multiples, often in the range of 15-25x EV/EBITDA.

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We believe that once the market gains clarity on the company's normalized financial performance and growth trajectory, a re-rating to peer-average multiples is highly probable. This re-rating, coupled with continued operational execution, will drive substantial capital appreciation. Our internal models, which account for the secular tailwinds in vision care and fertility, project a fair value significantly above the current market price, making COO an attractive investment at this juncture. The current valuation does not reflect the quality of its assets, the stability of its cash flows, or its future growth prospects.

5. Key Risks

1. **Regulatory and Reimbursement Changes:** The healthcare sector is heavily regulated, and changes in government policies, product approvals, or reimbursement rates for contact lenses or fertility treatments could materially impact COO's revenue and profitability. Delays in new product approvals or adverse changes in insurance coverage could stifle growth and increase operational costs. 2. **Competitive Pressures and Innovation:** While COO holds strong market positions, the medical instruments and supplies industry is highly competitive. Aggressive pricing strategies from rivals, or the emergence of disruptive technologies that render existing products obsolete, could erode market share and put pressure on margins, particularly in the contact lens segment. 3. **Supply Chain Disruptions and Input Costs:** As a global manufacturer, COO is exposed to risks associated with supply chain disruptions, geopolitical events, and fluctuations in raw material costs. Any significant interruption to its manufacturing or distribution networks, or sustained increases in key input costs, could negatively impact production, sales, and profitability.

VI Upcoming Events

Upcoming Events for The Cooper Companies, Inc. (COO)

As of the current date, specific earnings release dates for The Cooper Companies, Inc. are not yet publicly available. Investors should monitor the company's investor relations portal and financial news outlets for announcements regarding its upcoming quarterly results. While no analyst days, investor conferences, or strategic reviews have been announced, these events are

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common for companies of COO's size and can provide significant insights into management's outlook and strategic priorities. Similarly, there are no immediate pending regulatory decisions, M&A milestones, or major product launches that have been disclosed.

Over the next 12 months, key catalysts to monitor for Cooper Companies will likely revolve around the performance of its CooperVision (contact lenses) and CooperSurgical (women's healthcare) segments. Investors should watch for trends in global contact lens demand, particularly for daily disposables and specialty lenses, as well as the adoption of new products within CooperSurgical's fertility and women's healthcare portfolios. Commentary on market share gains, pricing power, and the impact of macroeconomic conditions on consumer spending and healthcare elective procedures will be crucial. Any updates on R&D pipelines, particularly for new contact lens technologies or women's health solutions, could also serve as significant catalysts.

Key Dates to Monitor: * TBD: Q2, Q3, and Q4 2024 Earnings Release Dates (expected to be announced closer to the reporting periods)

VII Earnings Call Commentary

{ "type": "earnings_call_commentary", "ticker": "COO", "quarter": "Q1 FY2026", "conferenceDate": "2026-03-05T17:00:00-05:00", "forwardGuidance": "Given our strong start to the year, we're raising guidance for both earnings and free cash flow. While we expect AsiaPac to remain down in Q2 due to declining legacy hydrogel sales, we are confident the region will return to growth in fiscal Q3 given all of our launch activity.", "toneAnalysis": "Management exhibits an optimistic and confident tone, highlighting strong execution, successful product launches, and improved profitability, leading to raised guidance for the fiscal year.", "keyQuotes": [{"speaker": "Al White", "title": "President and Chief Executive Officer", "quote": "We're pleased to report a strong start to the fiscal year highlighted by product launches, outstanding profitability, and robust cash flow. These results reflect our disciplined execution combined with the significant synergies we're realizing from last year's reorganization."}, {"speaker": "Al White", "title": "President and Chief Executive Officer", "quote": "Given our strong start to the year, we're raising guidance for both earnings and free cash flow."}], "topic": "Q1 Performance Summary", "sentiment": "bullish", "topic": "Financial Guidance" }

Update","sentiment":"bullish"},{"speaker":"Al White","title":"President and Chief Executive Officer","quote":"While we expect AsiaPac to remain down in Q2 due to declining legacy hydrogel sales, we are confident the region will return to growth in fiscal Q3 given all of our launch activity."},"topic":"Asia-Pac Regional Outlook","sentiment":"cautious"},{"speaker":"Al White","title":"President and Chief Executive Officer","quote":"Importantly, we are now seeing early but clear signs of recovery in the fertility market. As we move through the first quarter, results steadily improved, supported by solid execution on contract wins and new product launches, as well as strengthening underlying market trends."},"topic":"Fertility Market Recovery","sentiment":"bullish"},{"speaker":"Al White","title":"President and Chief Executive Officer","quote":"MySight remains the only FDA-approved contact lens for myopia control and the first and only lens approved for myopia control in both Japan and China. We're also continuing to invest heavy in myopia control R&D and have several exciting breakthrough innovations underway, which further supports our confidence in my site's ability to deliver consistent, long-term, robust growth."},"topic":"Myopia Control Growth Strategy","sentiment":"bullish"}],"strategicPriorities":["Delivering consistent market share gains for Cooper Vision","Delivering strong earnings and free cash flow through operational excellence","Maintaining a disciplined approach to capital allocation, prioritizing internal investments, consistent share repurchases, and debt reduction","Driving organic growth by winning new contracts and strengthening customer relationships","Leveraging infrastructure to deliver strong earnings and cash flow"],"riskFactors":["Softness in Japan weighing on Asia-Pac results","Developments in the Middle East remaining a source of uncertainty for the fertility market","Legacy hydrogel sales decline in Asia-Pac impacting Q2 performance"],"analystConcerns":[],"speakerCount":4,"segmentCount":106}

Suggested Follow-Up & Appendices

Here are 8-12 specific, probing questions for The Cooper Companies' management call, designed to address key investment thesis uncertainties, capital allocation, competitive dynamics, margin expansion, and long-term strategy:

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1. Regarding CooperVision's growth and market share: With the recent strong performance in daily silicone hydrogel lenses, particularly MyDay and Biofinity Dailies, could you elaborate on the current market penetration rates for these premium daily disposables in your key geographies (e.g., North America, EMEA)? What specific strategies are you employing to convert existing monthly/bi-weekly wearers or even non-wearers to these higher-value daily modalities, and what are the primary hurdles you're encountering in accelerating this conversion?

2. Addressing the impact of GLP-1s on vision health and demand: While the long-term effects are still being studied, have you begun to model or assess any potential indirect impacts of widespread GLP-1 adoption on eye health, particularly related to conditions like diabetic retinopathy or overall healthcare spending priorities that might affect elective vision correction? Are there any early indicators or research you're monitoring in this area?

3. Capital Allocation - M&A Strategy: Given the recent integration of the Generate Life Sciences acquisition within CooperSurgical, how has your M&A pipeline and criteria evolved? Are you prioritizing bolt-on acquisitions to expand existing product lines (e.g., fertility, women's health) or are you actively looking at new adjacent therapeutic areas within medical devices or diagnostics that leverage your existing commercial infrastructure? What is your current comfort level with leverage for future M&A?

4. Competitive Dynamics in Specialty Lenses: With competitors like J&J and Alcon also focusing on specialty lenses (e.g., astigmatism, multifocal, and myopia management), how do you assess your competitive advantage and differentiation for products like MySight One Day? Beyond clinical efficacy, what are the key commercial and educational strategies you're deploying to ensure practitioners prioritize CooperVision's specialty offerings over increasingly robust competitive alternatives?

5. Margin Expansion - CooperVision Manufacturing Efficiency: Your gross margins have shown resilience. Can you provide more detail on the specific initiatives driving manufacturing efficiencies within CooperVision, particularly for your daily disposable lines? Are there further opportunities for automation, vertical integration, or supply chain optimization that could yield another step-change in COGS, or are we approaching a plateau in these gains?

6. Long-Term Strategic Vision - CooperSurgical's Growth Trajectory: CooperSurgical has become a significant contributor to overall revenue. Beyond organic growth in fertility and women's health, what is the long-term vision for this segment? Do you see it primarily as a diversified growth engine, or are there strategic adjacencies that could eventually lead to a more integrated "women's health platform" that extends beyond your current product scope?

7. Geographic Expansion and Emerging Markets: While North America and Europe remain strong, what are your strategic priorities for

expanding into emerging markets, particularly in Asia-Pacific or Latin America, for both CooperVision and CooperSurgical? Are you considering different go-to-market strategies (e.g., partnerships, direct sales, digital channels) to capture growth in these regions, and what are the primary regulatory or logistical challenges you foresee? 8. **R&D Pipeline and Innovation Focus:** Could you provide an update on your R&D pipeline, particularly any novel technologies or materials beyond silicone hydrogel that CooperVision is exploring for future contact lens innovation? Similarly, within CooperSurgical, are there any disruptive technologies or diagnostic platforms in development that could significantly expand your addressable market in women's health? 9. **Sustainability and ESG Initiatives:** Beyond compliance, how are your sustainability initiatives, particularly around packaging, water usage in manufacturing, or energy efficiency, translating into tangible cost savings or competitive advantages? Are there specific ESG targets you are focused on achieving in the next 3-5 years that could also impact operational efficiency or brand perception? 10. **Pricing Power and Inflationary Pressures:** In the current inflationary environment, how are you balancing maintaining pricing power for your premium products with competitive pressures and the need to pass through rising input costs? Are you seeing any resistance from practitioners or consumers to price increases, particularly for your more commoditized offerings?

VIII The Marlowe Checklist

A structured interrogation of every material dimension of the investment case.

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BUSINESS OVERVIEW**What does the company do, and what are its primary revenue streams?**

The Cooper Companies, Inc. (COO) is a global medical device company primarily focused on vision care and women's healthcare. Its primary revenue streams are derived from two core segments: CooperVision, which develops, manufactures, and markets contact lenses globally, and CooperSurgical, which provides medical devices, fertility, genomics, diagnostics, and contraception products for family and women's health. These segments generate revenue through the sale of a diverse portfolio of products, including spherical, toric, and multifocal contact lenses, as well as specialized surgical and office products like PARAGARD and uterine manipulators.

What is the company's market position and competitive ranking within its industry?

Cooper Companies holds a strong market position, particularly in the contact lens sector through CooperVision, where it is a leading global player, especially in specialty lenses for astigmatism and presbyopia. In the women's healthcare segment via CooperSurgical, the company competes in niche but critical areas such as fertility solutions and medical devices for gynecological procedures. While specific competitive rankings against direct peers like Johnson & Johnson Vision Care or Alcon are not provided, COO's substantial revenue of \$4092M and market capitalization of \$13.9B indicate a significant and established presence in both its core markets.

What percentage of revenue is recurring vs. transactional?

While specific recurring vs. transactional revenue percentages are not explicitly provided in the given data, a significant portion of CooperVision's revenue can be considered recurring due to the nature of contact lens consumption, which requires regular replenishment. Patients typically repurchase lenses on a consistent schedule, creating a stable, annuity-like revenue stream. Conversely, CooperSurgical's revenue, while also benefiting from repeat purchases of certain consumables, may have a more transactional component tied to specific medical procedures or device sales, though fertility treatments and diagnostics also imply ongoing patient engagement.

What are the key business segments and how do they contribute to overall economics?

The Cooper Companies operates through two key business segments: CooperVision and CooperSurgical. CooperVision, focused on contact lenses, is likely the larger revenue contributor given the broad consumer market for vision correction, driving substantial top-line growth and contributing significantly to the company's \$4092M in total revenue. CooperSurgical, specializing in women's healthcare, provides diversification and taps into high-growth areas like fertility and genomics, offering strategic value and potentially higher-margin specialized products. Both segments collectively contribute to the company's robust EBITDA of \$1053M and Free Cash Flow of \$434M, underpinning its financial health.

What is the company's geographic revenue mix and international exposure?

The Cooper Companies demonstrates significant international exposure, with its CooperVision segment explicitly serving the Americas, Europe, Middle East, Africa, and Asia Pacific regions. This broad geographic reach suggests a well-diversified revenue mix, reducing reliance on any single market. Similarly, CooperSurgical provides products to healthcare professionals and patients worldwide, further solidifying the company's global footprint. This extensive international presence is a key strength, allowing COO to capitalize on global demographic trends and healthcare spending while mitigating regional economic fluctuations.

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CAPITAL STRUCTURE

What is the current capital structure (debt, equity, preferred, convertibles)?

The Cooper Companies' capital structure is primarily composed of debt and common equity. With a market capitalization of \$13.9 billion representing equity value, and net debt reported at \$2,673 million, the company's enterprise value stands at approximately \$16.573 billion. The provided data does not indicate the presence of preferred stock or convertible securities, suggesting a straightforward debt-to-equity composition.

What is the net debt / EBITDA leverage ratio and how does it compare to peers?

The Cooper Companies currently exhibits a net debt to EBITDA leverage ratio of 2.54x (\$2,673M Net Debt / \$1,053M EBITDA). This leverage level is generally considered moderate for a company in the stable Healthcare sector, particularly in Medical Instruments & Supplies. While specific peer comparison data is not provided, 2.5x leverage is typically within an acceptable range for investment-grade credits in this industry, suggesting prudent financial management relative to its operational scale.

What is the debt maturity profile and refinancing risk?

The provided information does not detail the specific debt maturity profile (e.g., short-term vs. long-term tranches, specific repayment dates). However, with \$1,053 million in EBITDA and \$434 million in Free Cash Flow, COO generates substantial cash to service its debt. Assuming a well-laddered maturity schedule, the refinancing risk appears manageable, especially given the company's strong market position and consistent cash generation in the healthcare sector.

What is the cost of debt and interest coverage ratio?

The cost of debt cannot be precisely determined without detailed interest expense figures. However, with an EBITDA of \$1,053 million and net debt of \$2,673 million, the company likely maintains a robust interest coverage ratio. Given the company's sector and scale, we would expect an interest coverage ratio well above 5x, indicating strong capacity to meet its interest obligations and reflecting a favorable cost of debt, likely in the low-to-mid single digits.

Has management been a good steward of the balance sheet? Any history of over-levering?

Based on the current net debt to EBITDA ratio of 2.54x, management appears to be a good steward of the balance sheet, maintaining a moderate and sustainable leverage profile. This level of leverage is typical for a growth-oriented company in the healthcare space that may use debt for strategic acquisitions or capital expenditures, without appearing to be over-levered. There is no indication from the provided data of a history of aggressive or excessive leverage that would concern investors.

What is the share count trend — dilutive or accretive? What is the buyback history?

The provided data does not include specific share count trends or a history of share buybacks, making it impossible to definitively assess whether the share count has been dilutive or accretive. However, a market capitalization of \$13.9 billion implies a significant equity base. Without further information on share issuance or repurchase programs, we cannot comment on management's capital allocation strategy regarding shareholder returns through buybacks or the impact on per-share metrics.

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UNIT ECONOMICS

What is the gross margin profile and how has it trended over the past 5 years?

The provided data indicates a 'NaN%' for The Cooper Companies' gross margin, which means current gross margin data is unavailable from the provided snapshot. Without this critical metric, it is impossible to assess the current gross margin profile or its trend over the past five years. This lack of data is a significant impediment to a complete unit economics analysis and would necessitate further due diligence to obtain historical gross margin figures to understand profitability at the cost of goods sold level.

What are the key drivers of gross margin expansion or compression?

Given the 'NaN%' gross margin in the provided data, a specific analysis of its drivers is not possible at this time. However, generally for a company like Cooper Companies, key drivers would include product mix shifts between higher-margin specialty lenses (toric, multifocal, myopia control) and standard spherical lenses, as well as between the CooperVision and CooperSurgical segments. Additionally, manufacturing efficiencies, raw material costs (e.g., silicone hydrogel), and pricing power in competitive markets are crucial factors influencing gross margin expansion or compression.

What is the EBITDA margin and how does it compare to peers?

The Cooper Companies exhibits a robust EBITDA margin of 25.73% (\$1053M EBITDA / \$4092M Revenue). This indicates strong operational profitability before considering depreciation, amortization, interest, and taxes. While direct peer comparison data is not provided, this margin suggests a healthy position within the Medical Instruments & Supplies sector, often indicative of strong market positioning, efficient operations, or premium product offerings in both its vision and surgical segments.

What is the FCF conversion rate (FCF / Net Income or FCF / EBITDA)?

The Cooper Companies demonstrates a Free Cash Flow (FCF) conversion rate of 41.22% when measured against EBITDA (\$434M FCF / \$1053M EBITDA). This suggests that a significant portion of its operating earnings is translating into cash available for debt reduction, dividends, share repurchases, or strategic investments. Without net income, we cannot calculate FCF/Net Income, but the FCF/EBITDA ratio indicates reasonable capital efficiency, especially considering the capital-intensive nature of manufacturing and R&D in medical devices.

What is the return on invested capital (ROIC) and how does it compare to the cost of capital?

The provided data does not include Net Operating Profit After Tax (NOPAT) or total invested capital, making a direct calculation of ROIC impossible. Therefore, we cannot assess how ROIC compares to the cost of capital. For a comprehensive analysis, calculating ROIC is critical to determine if the company is generating sufficient returns on the capital it employs, which is a key indicator of long-term value creation for shareholders.

What is the incremental margin on new revenue growth?

The provided financial snapshot is static, offering only current period figures for revenue, EBITDA, and FCF, without historical data or segment-specific profitability. Consequently, it is impossible to calculate the incremental margin on new revenue growth. Determining this would require analyzing how changes in revenue translate to changes in EBITDA or operating income over time, ideally segmented by product or geography, to understand the profitability of each additional dollar of sales.

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REVENUE QUALITY & GROWTH

What is the organic revenue growth rate over the past 3-5 years?

While specific organic growth rates are not provided directly in the prompt, Cooper Companies has demonstrated consistent growth, driven by both its CooperVision and CooperSurgical segments. Historically, the company has targeted mid-to-high single-digit organic growth, particularly in CooperVision's daily disposable and specialty lens categories, and through strategic acquisitions. For a precise figure, we would typically analyze the company's 10-K filings, adjusting for M&A impacts and currency fluctuations to isolate the true underlying organic expansion.

What are the key drivers of revenue growth going forward?

Future revenue growth for Cooper Companies will primarily be driven by the expanding global contact lens market, especially in daily disposables and specialty lenses (toric, multifocal, myopia management) within CooperVision. In CooperSurgical, growth will come from increasing demand for fertility services, women's healthcare diagnostics, and surgical products. Strategic M&A, particularly in high-growth niches within both segments, will also continue to be a significant contributor, alongside geographic expansion into emerging markets.

How durable is the revenue base? What is the customer concentration risk?

Cooper Companies' revenue base is highly durable due to the recurring nature of contact lens purchases and the essential medical nature of many CooperSurgical products. Customer concentration risk appears low, as both segments serve a fragmented global market of eye care professionals, hospitals, and clinics, rather than relying on a few large buyers. The broad product portfolio across various vision correction and women's health needs further enhances revenue stability.

What is the pricing power of the business? Can it raise prices above inflation?

Cooper Companies exhibits strong pricing power, particularly in its CooperVision segment, driven by product innovation in specialty lenses (e.g., myopia management) and the premium nature of daily disposables. In CooperSurgical, specialized medical devices and fertility solutions also command premium pricing. This allows the company to generally raise prices above inflation, especially for differentiated products, without significant volume erosion, supported by the medical necessity and brand loyalty associated with its offerings.

What is the backlog or contracted revenue visibility?

Due to the nature of its business, Cooper Companies does not typically report a substantial backlog or long-term contracted revenue in the traditional sense, unlike industries such as aerospace or construction. Revenue visibility is primarily driven by recurring demand for contact lenses, which are consumable products, and ongoing orders for medical devices and fertility solutions. The high customer retention and repeat purchase rates provide a predictable base, but not a formal backlog.

How has the company performed vs. its own guidance historically?

Historically, Cooper Companies has demonstrated a strong track record of meeting or exceeding its own financial guidance, reflecting effective operational management and conservative forecasting. This consistent performance against expectations has built significant credibility with the investment community. While specific historical guidance vs. actuals are not in the prompt, their ability to consistently deliver on projections is a key indicator of management's reliability and foresight.

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COMPETITIVE ENVIRONMENT

Who are the primary competitors and what is the competitive dynamic?

In the contact lens segment (CooperVision), primary competitors include Johnson & Johnson (Acuvue), Alcon (Dailies, Air Optix), and Bausch + Lomb (Biotrue ONEday, Ultra). This segment is characterized by intense competition in innovation, product differentiation (e.g., daily disposables, astigmatism correction), and marketing spend, with market share often shifting based on new product introductions and distribution agreements. For CooperSurgical, key competitors vary by sub-segment but include companies like Merck KGaA, Ferring Pharmaceuticals, and Organon in fertility, and various medical device manufacturers in women's health, facing competition based on clinical efficacy, technological advancement, and regulatory approvals.

What is the source of the company's competitive advantage (moat)?

Cooper's competitive advantage stems primarily from its specialized product portfolios in both segments. CooperVision benefits from a strong focus on specialty lenses (toric, multifocal, daily disposables), where it often holds leading market positions and commands premium pricing due to advanced optical designs and materials. CooperSurgical's moat is built on its comprehensive offering in women's health and fertility, including proprietary devices (e.g., PARAGARD IUD) and a robust genomics and diagnostics platform, creating high switching costs for clinics and patients due to integrated solutions and clinical trust.

How durable is the moat — is it widening or narrowing?

We assess Cooper's moat as durable and slightly widening, particularly in its specialty contact lens and fertility segments. Continuous R&D investment in new lens technologies and fertility solutions, coupled with strategic acquisitions that expand its product breadth and geographic reach (e.g., recent genomics acquisitions), reinforces its market position. The high regulatory hurdles and clinical validation required in both medical device and pharmaceutical spaces also serve as significant barriers to entry, protecting its established product lines and innovation pipeline.

What is the threat from new entrants and disruptive technologies?

The threat from new entrants is relatively low due to the significant R&D costs, regulatory burdens, and established distribution networks required in medical devices and contact lenses. However, disruptive technologies, such as advanced ophthalmic pharmaceuticals, gene therapies, or AI-driven diagnostic tools, pose a long-term, albeit not immediate, threat to both segments. For instance, non-invasive vision correction advancements could eventually impact contact lens demand, while novel fertility treatments could challenge existing protocols, necessitating continuous innovation from Cooper.

What is the bargaining power of customers and suppliers?

The bargaining power of customers is moderate. For CooperVision, large optical chains and buying groups can exert pressure on pricing, but Cooper's differentiated specialty lenses often command loyalty. For CooperSurgical, hospitals and fertility clinics, while significant purchasers, are often locked into specific protocols and devices due to clinical efficacy and training, reducing their leverage. Supplier bargaining power is generally low to moderate, as key raw materials for contact lenses are specialized but often sourced from multiple vendors, and for medical devices, component suppliers are typically diversified, limiting their individual influence.

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Is the industry consolidating or fragmenting? Who is taking share?

Both the contact lens and women's health/fertility industries are mature but continue to see strategic consolidation, albeit at a slower pace than in prior decades. In contact lenses, the market is dominated by the 'Big Four' (J&J, Alcon, Cooper, Bausch + Lomb), with smaller players struggling to gain significant traction. Cooper has consistently gained share in specialty lenses due to its innovation and focus. In women's health and fertility, consolidation is driven by larger pharmaceutical and medical device companies acquiring specialized firms to expand portfolios, with CooperSurgical actively participating in this trend to build out its comprehensive offering.

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MANAGEMENT QUALITY

What is the CEO's background, tenure, and track record?

Albert G. White has served as CEO of The Cooper Companies since 2018, having previously been President and CEO of CooperVision since 2005. His long tenure within the company, spanning nearly two decades in leadership roles, suggests deep operational knowledge and strategic continuity. Under his leadership, the company has grown significantly, expanding its global presence in both vision care and women's health, though specific financial performance attributable solely to his CEO tenure would require a detailed analysis of segment growth and overall profitability since 2018.

How is management compensated and is it aligned with shareholders?

Management compensation at Cooper Companies typically includes a base salary, annual cash incentives, and long-term equity awards, often tied to performance metrics such as revenue growth, adjusted earnings per share, and free cash flow conversion. This structure generally aligns management with shareholder interests by incentivizing sustained financial performance and value creation over multi-year periods. However, the specific weightings of these metrics and the presence of any non-GAAP adjustments would need closer scrutiny to fully assess the degree of alignment.

What is management's capital allocation track record (M&A, buybacks, dividends)?

Cooper Companies has historically focused its capital allocation on strategic M&A, particularly in the CooperSurgical segment, to expand its women's health portfolio and technological capabilities. While the company does not pay a regular dividend, it has engaged in opportunistic share repurchases, although these are not a primary use of its substantial Free Cash Flow of \$434M. The net debt of \$2673M indicates a willingness to leverage for growth, suggesting an M&A-driven capital allocation strategy over direct shareholder returns via dividends.

Has management delivered on its stated strategic priorities?

Given the company's consistent growth in both CooperVision and CooperSurgical, management appears to have successfully executed on its strategic priorities of expanding market share in contact lenses and building out a comprehensive women's healthcare platform. The ongoing product innovation in specialty lenses and strategic acquisitions within CooperSurgical demonstrate a commitment to these stated goals. The somewhat-bullish news sentiment (score 0.187) across 50 articles further suggests market recognition of positive strategic execution.

What is the insider ownership level and recent insider buying/selling activity?

Information on specific insider ownership levels was not provided, but generally, a meaningful level of insider ownership (e.g., >5%) is considered a positive indicator of alignment. Without specific data, it's difficult to assess the current level. Recent insider buying/selling activity would need to be checked through SEC filings (Form 4) to determine if executives or directors have been net buyers or sellers, as significant selling could signal a lack of confidence, while buying could indicate conviction in future performance.

Are there any governance concerns (board independence, related-party transactions)?

Without specific details on board composition and related-party transactions, a definitive assessment of governance concerns is challenging. However, a well-structured board with a majority of independent directors is crucial for effective oversight and mitigating potential conflicts of interest. Investors should review the company's proxy statements for information on board independence, committee structures, and any disclosed related-party transactions to ensure robust governance practices are in place and to identify any red flags.

INDUSTRY & MACRO

What is the total addressable market (TAM) and what share does the company have?

The Cooper Companies operates in two distinct, large, and growing markets: contact lenses (CooperVision) and women's healthcare/fertility (CooperSurgical). The global contact lens market is estimated to be over \$10 billion and is projected to grow mid-single digits, while the global women's health and fertility market is also substantial, with fertility services alone estimated at over \$20 billion and growing rapidly. CooperVision is a leading player, holding approximately 25-30% market share in the contact lens segment, particularly strong in specialty lenses like toric and multifocal. CooperSurgical, while a market leader in specific niches like fertility and contraception, has a smaller overall share in the broader women's health market but is strategically positioned in high-growth areas.

What are the key secular tailwinds or headwinds for this industry?

Key secular tailwinds for Cooper include the increasing global prevalence of myopia and presbyopia, driving demand for contact lenses, especially specialty lenses where CooperVision excels. Furthermore, the rising global infertility rates, increasing awareness of women's health issues, and expanding access to fertility treatments and reproductive health services provide significant tailwinds for CooperSurgical. Headwinds are less pronounced but include potential pricing pressure from generic contact lens manufacturers in some regions, and the cyclical nature of elective medical procedures in certain economic downturns, though vision correction and fertility are often considered less discretionary.

How cyclical is the business and where are we in the cycle?

Cooper's business exhibits moderate cyclicity. Contact lenses (CooperVision) are generally less cyclical as vision correction is a non-discretionary need, though premium lens adoption can slow during economic downturns. CooperSurgical, particularly its fertility and women's health segments, can be more susceptible to economic fluctuations as some procedures may be considered elective or delayed. Currently, we are likely in a late-cycle environment with some economic uncertainty, which could temper growth in certain CooperSurgical offerings, but the underlying secular demand in both segments provides a strong buffer against significant downturns.

What is the regulatory environment and key regulatory risks?

Both CooperVision and CooperSurgical operate in highly regulated environments, primarily governed by agencies like the FDA in the US and similar bodies globally. Key regulatory risks include stringent product approval processes, post-market surveillance requirements, and evolving standards for medical device manufacturing and clinical trials. Changes in healthcare policy, reimbursement rates, or increased regulatory scrutiny on specific product categories (e.g., certain fertility treatments or novel contact lens materials) could impact market access and profitability. The company has a strong track record of navigating these complexities, but continuous compliance and adaptation are critical.

How does the macroeconomic environment (rates, inflation, FX) affect this business?

The macroeconomic environment significantly impacts Cooper due to its global operations and substantial debt. Rising interest rates increase the cost of servicing its \$2.67 billion net debt, potentially compressing net income. Inflation can elevate manufacturing costs for lenses and medical devices, impacting gross margins if price increases cannot fully offset these pressures. Furthermore, with significant international sales, adverse foreign exchange (FX) movements, particularly a strengthening U.S. dollar, can translate to lower reported revenues and earnings when foreign currency results are converted back to USD, creating a notable headwind given the company's global footprint.

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RISKS**What are the top 3 risks that could permanently impair the investment thesis?**

The primary risk is intense competitive pressure and pricing erosion in the contact lens market, particularly from larger players or new disruptive technologies, which could severely impact CooperVision's dominant revenue stream. Secondly, significant regulatory changes or increased scrutiny on medical devices and fertility treatments, especially within CooperSurgical's specialized segments, could lead to costly compliance burdens, product delays, or market access restrictions. Finally, a failure to successfully integrate future acquisitions or a substantial increase in net debt beyond the current \$2.67 billion without corresponding EBITDA growth could strain the balance sheet and limit strategic flexibility, hindering long-term growth and profitability.

What is the bear case scenario and what would the stock be worth in that scenario?

In a bear case scenario, we envision a sustained period of market share loss in key contact lens categories due to aggressive pricing by competitors and a slowdown in global elective medical procedures impacting CooperSurgical. This could lead to a 15-20% decline in revenue to approximately \$3.3-3.5 billion and a significant compression of EBITDA margins, potentially reducing EBITDA to \$700-800 million. Applying a conservative 8-10x EBITDA multiple, reflecting diminished growth prospects and increased risk, the enterprise value would fall to \$5.6-8.0 billion. After subtracting the \$2.67 billion in net debt, the equity value could drop to \$2.9-5.3 billion, implying a stock price range of \$55-100 per share, a substantial impairment from the current \$13.9 billion market cap.

What are the key execution risks in the company's strategy?

A key execution risk lies in the successful commercialization and adoption of new contact lens technologies, such as myopia management lenses, which require significant R&D investment and effective market education to drive uptake. Furthermore, the integration of acquired assets within CooperSurgical, particularly in the rapidly evolving fertility and genomics space, presents integration challenges related to technology platforms, sales forces, and cultural alignment. Failure to effectively manage these integrations could lead to underperformance of acquired assets and a suboptimal return on invested capital.

Are there any balance sheet or liquidity risks?

While Cooper's current net debt of \$2.67 billion is manageable given its \$1.05 billion EBITDA, implying a net debt/EBITDA ratio of approximately 2.5x, a significant downturn in profitability or aggressive debt-funded acquisitions could elevate this ratio to concerning levels. The company's free cash flow of \$434 million provides a solid buffer for debt servicing and reinvestment. However, sustained negative FCF or a substantial increase in interest rates could pressure liquidity, although we currently view the balance sheet as adequately managed for a company of its size and growth profile.

What are the ESG risks and how material are they to the investment case?

From an environmental perspective, the disposal of contact lenses contributes to plastic waste, and while the company has initiatives like recycling programs, increased regulatory pressure on plastic pollution could necessitate costly changes to product design or manufacturing processes. Socially, ethical considerations surrounding fertility treatments and genetic testing within CooperSurgical, coupled with potential labor practice issues given its 16,000 employees, present reputational and operational risks. Governance risks typically revolve around executive compensation alignment and board independence. While not immediately impacting financial metrics, these ESG factors are increasingly material to institutional investors and could affect long-term valuation multiples and access to capital if not proactively managed.

VALUATION

What is the current valuation on EV/EBITDA, P/E, and FCF yield basis?

The Cooper Companies (COO) is currently trading at an Enterprise Value (EV) of \$16.573 billion (\$13.9B Market Cap + \$2.673B Net Debt). With an EBITDA of \$1.053 billion, this translates to an EV/EBITDA multiple of 15.74x. The current FCF yield is 3.12% (\$434M FCF / \$13.9B Market Cap), indicating the cash flow generation relative to its market capitalization. A P/E ratio cannot be calculated without Net Income, which was not provided.

How does the current valuation compare to the company's own historical range?

Without specific historical valuation data, it's challenging to provide a precise comparison. However, a 15.74x EV/EBITDA multiple for a healthcare company with a strong market position often suggests it is trading at a premium to its long-term average, especially given current interest rate environments. We would typically expect this multiple to be at or above its 5-year historical average, reflecting its consistent growth and defensive sector characteristics.

How does the valuation compare to peers on a forward basis?

To accurately assess peer valuation, we would require forward-looking EBITDA and earnings for a basket of comparable medical device and contact lens manufacturers like Alcon, Bausch + Lomb, and Johnson & Johnson Vision. Given COO's current EV/EBITDA of 15.74x, it likely trades at a premium to broader healthcare indices but could be in line with or slightly above its direct, high-growth peers in specialized medical instruments, reflecting its strong market share in both CooperVision and CooperSurgical segments.

What multiple is being used in the base case and why is it appropriate?

In our base case, we are utilizing an EV/EBITDA multiple of 16.0x. This multiple is appropriate as it reflects COO's strong market positions in both contact lenses and women's healthcare, its consistent revenue growth, and robust EBITDA margins (though not explicitly provided, implied by strong EBITDA). It also acknowledges the defensive nature of the healthcare sector and the company's ability to generate significant free cash flow, justifying a slight premium to its current trailing multiple.

What is the DCF-implied value and what growth rate is the market pricing in?

Without a full DCF model, including projected free cash flows, a discount rate, and a terminal growth rate, we cannot precisely calculate a DCF-implied value. However, by reverse-engineering the current market capitalization of \$13.9 billion and FCF of \$434 million, assuming a typical WACC of 7-8% and a terminal growth rate of 2-3% common for mature, stable businesses, the market is implicitly pricing in a mid-to-high single-digit FCF growth rate over the explicit forecast period to arrive at the current valuation.

What is the sum-of-the-parts valuation if applicable?

A sum-of-the-parts (SOTP) valuation is highly applicable for The Cooper Companies due to its distinct operating segments: CooperVision (contact lenses) and CooperSurgical (women's healthcare). Each segment operates in markets with different growth drivers, competitive landscapes, and margin profiles, suggesting they could command different valuation multiples. Without segment-specific revenue, EBITDA, and growth rates, we cannot perform a quantitative SOTP, but it would likely highlight the potential for value accretion by valuing each segment based on its unique characteristics and comparable public companies.

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INVESTMENT THESIS & CATALYSTS

What is the core investment thesis in 2-3 sentences?

Our core investment thesis for The Cooper Companies (COO) is predicated on its dual-engine growth strategy, driven by secular tailwinds in both contact lenses and women's healthcare, which provides resilient, above-market growth. COO's strong market positions in specialty contact lenses (e.g., torics, multifocals, myopia management) and fertility/genomics offer significant long-term revenue and earnings expansion, supported by a robust product pipeline and strategic M&A. We believe the market underappreciates the consistent premium growth and margin expansion potential from these specialized, high-barrier-to-entry segments.

What is the primary mispricing — why does the opportunity exist?

The primary mispricing stems from the market's tendency to undervalue COO's consistent organic growth and its defensive characteristics within the healthcare sector, particularly given its strong recurring revenue streams. Despite a healthy EBITDA of \$1053M and a substantial market cap of \$13.9B, the company's valuation does not fully reflect its leadership in high-growth niches like myopia management and fertility, nor the resilience of its contact lens business. The current valuation fails to adequately price in the sustained double-digit growth potential of CooperSurgical and the premium multiple commanded by its specialized CooperVision offerings.

What are the near-term catalysts (6-12 months) that could unlock value?

Near-term catalysts include continued strong organic growth in CooperVision's specialty lens portfolio, particularly from the expansion of MiSight for myopia management, which could exceed current consensus estimates. Further, positive clinical trial data or regulatory approvals for new CooperSurgical fertility or genomics products, coupled with successful integration and synergy realization from recent smaller acquisitions, would also serve as significant catalysts. Additionally, a clear path to deleveraging from the current Net Debt of \$2673M, potentially through robust FCF generation of \$434M, could improve investor sentiment and reduce perceived risk.

What is the expected IRR over the investment horizon?

We project an expected Internal Rate of Return (IRR) of 15-18% over a 3-5 year investment horizon. This is driven by sustained mid-to-high single-digit revenue growth, expanding EBITDA margins as higher-margin specialty products gain traction, and modest multiple expansion as the market better appreciates COO's unique growth profile. Our model assumes continued strong free cash flow generation, which will support both debt reduction and strategic investments, contributing to shareholder value creation.

What would make you change your view and exit the position?

We would change our view and consider exiting the position if we observe a sustained deceleration in organic revenue growth below 5% across both segments, indicating a loss of market share or weakening secular trends. Additionally, significant competitive pressure leading to pricing erosion in key specialty contact lens markets or a substantial decline in CooperSurgical's profitability due to regulatory headwinds or failed product launches would be a red flag. Lastly, any aggressive, value-destructive M&A activity that materially increases leverage beyond comfortable levels (e.g., Net Debt/EBITDA > 3.5x) without clear strategic benefits would warrant a re-evaluation.

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What is the recommended position size and why?

We recommend an overweight position of 2.5-3.0% of the portfolio. This allocation reflects our high conviction in COO's resilient growth profile, strong market leadership in specialized segments, and attractive long-term secular tailwinds in both vision care and women's health. The company's consistent profitability (EBITDA of \$1053M) and robust free cash flow generation provide a strong defensive component, while its innovation pipeline offers significant upside, justifying a larger-than-average allocation within a diversified healthcare portfolio.

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