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PRESENTATION

Operator

Hello, and thank you for standing by. Welcome to the Second Quarter 2021 Cooper Companies Earnings Conference Call. (Operator Instructions)

It is now my pleasure to introduce Vice President, Investor Relations and Risk Management, Kim Duncan.

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

Good afternoon, and welcome to The Cooper Companies Second Quarter 2021 Earnings Conference Call. During today's call, we will discuss the results and guidance included in the earnings release and then use the remaining time for Q&A.

Our presenters on today's call are Al White, President and Chief Executive Officer; and Brian Andrews, Chief Financial Officer and Treasurer.

Before we begin, I'd like to remind you that this conference call contains forward-looking statements, including all revenue and earnings per share guidance and other statements regarding anticipated results of operations, market or regulatory conditions and integration of any acquisitions or their failure to achieve anticipated benefits. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and are subject to risks and uncertainties. Events that could cause our actual results and future actions of the company to differ materially from those described in forward-looking statements are set forth under the caption Forward-Looking Statements in today's earnings release and are described in our SEC filings, including Cooper's Form 10-K and Form 10-Q filings, all of which are available on our website at cooperco.com. Should you have any additional questions following the call, please call our investor line at (925) 460-3663 or e-mail ir@cooperco.com.

And now I'll turn the call over to Al for his opening remarks.

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

Great. Thank you Kim, and welcome everyone to CooperCompanies Fiscal Second Quarter Conference Call.

I'm happy to report that CooperVision and CooperSurgical both posted all-time record quarterly revenues, which drove record quarterly earnings. Our businesses have rebounded nicely from the COVID lows with silicone hydrogel lenses and myopia management leading CooperVision, and fertility and PARAGARD driving CooperSurgical. For the quarter, and reporting all percentages on a constant currency basis, consolidated revenues were $720 million, with CooperVision at $523 million, up 25%; and CooperSurgical at $197 million, up 58%.

Non-GAAP earnings per share were $3.38.

For CooperVision, the Americas grew 38% with clariti, MyDay and Biofinity leading the way. The U.S. was the strongest part of the region, and it allowed us to rebound quickly and strongly, offsetting challenges from markets such as Canada, which are still facing significant COVID restrictions. We're still seeing nice momentum in the U.S., and we're looking forward to the back-to-school season.

EMEA grew 15% in the quarter, led by strength in MyDay and Biofinity. We're the #1 contact lens company in EMEA, so we're obviously over-indexed in this region, and the impact from COVID did temper the market's performance. But, we're executing at a very high level and taking share, which is offsetting the challenges. This is a region where we've been a leader for quite some time and we're getting stronger due to success with key accounts, so we're really looking forward to a rebound in consumer activity as that will definitely benefit us.

Lastly, Asia Pac was up 19%, led by strength in clariti and MyDay. Asia Pac is making progress rebounding from COVID, but it's slow in many countries, including Japan, where we have a strong presence. Nevertheless, similar to EMEA, our teams are executing at a very high level and taking share which is helping offset the market challenges. Overall, given our geographic mix, I'm extremely happy with our performance and expect it to remain healthy as vaccines roll out around the world and consumer activity improves.

Moving to some details, silicone hydrogel dailies grew 31%, with MyDay and clariti both posting strong results. MyDay, in particular, is taking share led by improving availability, especially for MyDay Toric. From a market perspective, there's still roughly $2.4 billion in annual global sales of older daily hydrogels that we expect to be traded up to silicones in the coming years. This tailwind is a significant positive for us as we're under-indexed in dailies but are seeing great performance from clariti and MyDay.

Moving to our FRP portfolio, we saw solid growth around the world, led by Biofinity. In particular, Biofinity Energys, our unique and innovative lens that uses Digital Zone Optics to help alleviate eye fatigue from excessive screen time, and our market leading Biofinity Toric Multifocal posted extremely strong results. We also just announced we've doubled the number of prescription options for Biofinity Toric. And to provide context on how significant this is, Biofinity Toric is the most prescribed toric lens in the world and is now available in over 33,000 prescriptions. That's more options than all other monthly silicone hydrogel toric lenses combined.

Regarding product launches, we remain incredibly active. clariti and the MyDay second base curve sphere are being rolled out in Japan and MyDay Toric, Biofinity Toric Multifocal and our extended toric ranges for clariti and Biofinity continue rolling out around the world. I'm happy to now add MyDay Multifocal to this launch list. We'll start seeding select countries in the coming months with a full launch planned for late this calendar year. As part of our pre-launch activity, we completed product testing in 8 countries with thousands of patients, and I'm excited to say the responses have been absolutely fantastic. That's not a huge surprise given the extremely strong clinical data and the success of MyDay Sphere and Toric, but it's still great to see. The multifocal category is roughly 10% of the $8.5 billion global contact lens market, and roughly half of that is in dailies. Given we're currently under-indexed in the daily segment at roughly a 16% share, we believe the MyDay Multifocal will be very successful.

Moving to myopia management, our portfolio grew 122% this quarter to $14 million. Within this, MiSight grew 152% to $4 million, and Ortho-K grew 112% to $10 million. As a global leader in the myopia management space, our portfolio is the broadest in the industry comprised of MiSight, the only FDA approved myopia control product; our broad range of market-leading Ortho-K lenses; and our innovative SightGlass Vision spectacles. Given the strength we're seeing, we now expect this portfolio to reach $65 million in sales this year and exceed $100 million next year.

Regarding MiSight, we've made fantastic progress with our key accounts and have entered into multiple new pilot programs with retailers and buying groups around the world. Our momentum has been accelerating, including in the U.S., where sales grew sequentially from $100,000 to $700,000, and we're about to launch in South Korea which should be a great market. The only thing holding us back from growing MiSight even faster is COVID restrictions in several important countries such as Canada, Spain, Taiwan, and Singapore. Regardless, we're making tremendous progress and expect very strong growth moving forward. From a fitting perspective, the average age of a new MiSight wearer remains 11, compared to a regular new contact lens wearer of 17, showing this treatment is bringing kids into contact lenses at a much younger age. Additionally, multiple professional associations are now recommending myopia management as standard of care, including the World Council of Optometry, and more universities are adding educational training courses to their curriculum.

Regarding Ortho-K, we had a great quarter driven by our broad product portfolio and from the halo effect we started seeing from MiSight. As the myopia management market develops, we're seeing the value of offering multiple options to eye care professionals, and this is helping our Ortho-K franchise. We also believe it will benefit our SightGlass myopia management spectacles which are scheduled to be launched in multiple European markets prior to calendar year-end. With respect to SightGlass, we just received 2-year clinical data and are in the process of submitting it to the FDA for approval as a myopia management treatment. It took 3-year data to get MiSight approval, but we're hoping to receive approval faster for SightGlass given the strong data and that these are glasses rather than contact lenses. In the meantime, we're finishing the legal and regulatory work to close our joint venture with EssilorLuxottica and remain very excited about the potential of that partnership.

To wrap up on myopia management, we're actively investing in sales and marketing, new launches, regulatory approvals, and R&D to keep driving success. Our focus remains on leading with clinical data and providing the best and broadest portfolio on the market.

To conclude on Vision, the rollout of vaccines is definitely benefiting us given the consumer nature of our business. We're seeing plenty of opportunity heading into what should be a strong back-to-school season, and we're gearing up for some great presentations and meetings at several upcoming eye-care conferences. On a longer-term basis, the macro growth trends remain solid, with roughly 1/3 of the world being myopic today and that number expected to increase to 50% by 2050. Given our robust portfolio, new product launches, momentum within myopia management and strong new fit data, we're in great shape for long-term sustainable growth.

Moving to CooperSurgical, this was an outstanding quarter with record revenues of $197 million and all 3 focus areas - fertility, PARAGARD and office and surgical medical devices - outperforming. Starting with fertility, revenues grew 53% year-over-year to $84 million, easily becoming the best fertility quarter we've ever had. Strength was seen around the world and throughout the product portfolio. We're taking share and are well-positioned for future gains with improving traction in several markets. Our key account strategy is creating opportunities capitalizing on our market-leading portfolio of products and services which cover the full spectrum of clinic's needs outside of pharma offerings. We're seeing strong growth from consumable products like media and RI Witness, our proprietary automated lab management system that clinics implement to maximize safety and security by optimizing their lab practices. And we're benefiting from increased utilization of our artificial intelligence based genetic testing platform which increases the doctor's ability to select the best embryos for transfer, and also from our capital equipment business with growth in products like incubators.

From a market perspective, COVID is still negatively impacting patient flow in many countries but the combination of share gains and healthy patient flow in the U.S. and parts of Europe is driving our results. Overall, increasing vaccination activity will continue supporting the recovery of the IVF industry as more patients are able to return to clinics. And increasing maternal age and better access to IVF treatments are trends that will continue supporting strong growth for many years to come.

Within our Office and Surgical unit, we grew 62%, with PARAGARD up 103% and office and surgical medical devices up 41%. PARAGARD performed really well as positive health and wellness trends continued driving patient activity. As the only 100% hormone-free IUD in the U.S. market, the product offers fantastic, long-lasting birth control that addresses the needs and interests of women looking for a healthy alternative. Within medical devices, several products performed well including EndoSee Advance, our direct visualization system for evaluation of the endometrium, and our portfolio of uterine manipulators.

To conclude on CooperSurgical, this was an excellent quarter. Some of it was tied to reopening activity and capital equipment sales, which are tough to forecast, but you'll note in our guidance that we expect to continue delivering strong results. Similar to Vision, we have powerful macro-trends supporting our growth and our exposure to consumer activity is benefiting us as economies around the world reopen.

To finish, let me add that we will be releasing our new ESG report in a few weeks. For those of you, like me, who are passionate about environmental sustainability, social responsibility, and good governance, you'll see a great summary of where we stand today and insights into our future efforts. We're in an excellent ESG position and I look forward to continuing advancements and providing additional updates in the future.

And with that, I'll turn the call over to Brian.

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Thank you, Al and good afternoon, everyone. Most of my commentary will be on a non-GAAP basis, so please refer to our earnings release for a reconciliation of GAAP to non-GAAP results.

Our second quarter consolidated revenues increased 37% year-over-year, or 32% in constant currency, to $720 million. Consolidated gross margin increased year-over-year to 68.1%, up from 65.8%. Improvement was driven by strength in our higher margin CooperSurgical business led by PARAGARD, and a nice improvement in our fertility margins where we're seeing the positive impact of transferring a significant amount of production to Costa Rica. CooperVision also posted improving margins driven by currency and product mix. Moving forward, we're in excellent shape to continue delivering solid gross margins. We've completed the largest parts of our capital expansion projects at both CooperVision and CooperSurgical and expect to receive the benefits of this over time as capacity utilization increases.

OpEx was up 17% year-over-year as expenses naturally increased with the rebound in revenues along with higher sales and marketing expenses associated with investments in areas such as myopia management. Having said that, expenses were kept under control, resulting in consolidated operating margins of 26.8%, up from 17.4% last year.

Interest expense was $6.1 million due to lower interest rates and lower average debt levels, and the effective tax rate was 9.6%, driven by a 2.1% benefit from options exercises. Non-GAAP EPS was $3.38 with roughly 49.7 million average shares outstanding.

Free cash flow was very solid at $143 million, comprised of $193 million of operating cash flow offset by $50 million of CapEx. Net debt decreased to $1.6 billion, and our adjusted leverage ratio decreased from 2.1 to 1.8x driven by lower debt and improving EBITDA.

Before moving to guidance, it's worth noting we acquired 2 businesses since we last reported earnings. The first was No. 7 Contact Lens, a U.K.-based contact lens manufacturer primarily focused on specialty lenses including Ortho-K, that had annual revenue of roughly $4.4 million, which we purchased for roughly $12 million. The second was obp Medical, a U.S.-based medical device company that develops and markets a suite of differentiated women's health medical devices with integrated LED illumination. Obp Medical had roughly $10 million in annual revenues, and we purchased them for $60 million. Both deals are highly strategic and fit perfectly into CooperVision and CooperSurgical, respectively.

Moving to guidance, we continue to monitor and evaluate the scope, duration, and impact of the ongoing COVID-19 pandemic on our operations and financial results. While we still view this as a risk factor, our visibility is sufficient to allow us to provide the following update to our fiscal 2021 guidance. Consolidated revenues are expected to range from $2.855 billion to $2.885 billion, up 14% to 15% in constant currency, with CooperVision revenues between $2.11 billion and $2.13 billion, up 11% to 12% in constant currency; and CooperSurgical revenues between $745 million and $755 million, up 25% to 27% in constant currency.

Non-GAAP EPS is expected to range from $13.20 to $13.40. To provide color on this EPS range, our gross margin expectations are unchanged as we expect CooperVision's improved manufacturing efficiencies to be offset by moderate margin pressure from growing dailies and CooperSurgical continuing to post strong results. We expect OpEx as a percent of revenues to track higher than the first half of the year, led by sales and marketing investments to support reopening activity and for the ongoing support of myopia management. Given the lower tax rate in Q2, we now expect our full-year tax rate to be around 11%. Lastly, FX has moved against us primarily due to the Yen, but we expect the tax improvement to offset this negative impact.

And to wrap up on guidance, as our business continues to strengthen, we now expect free cash flow to exceed $500 million this year.

And with that, I'll hand it back to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Matthew Mishan with KeyBanc.

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

Great. First off, how should we think about phasing from here of the next couple of quarters? My sense is sequentially, we should see improvement in both CVI and CSI based on reopenings.

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Yes, Matt. So as far as phasings go, our guidance range for revenues is expecting consolidated revenues to ramp up in the second half of the year. CooperVision, I would expect, is going to be up sequentially quarter-over-quarter as we work through the year. CooperSurgical had a really strong Q2. Al talked about the strength from markets reopening, but also the one-time impact of some equipment sales in Q2. We still expect really strong results for Surgical, maybe not quite as strong as Q2, but still improving. And then on a consolidated basis, up sequentially Q3 and Q4.

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

Okay. Excellent. And then one of your competitors just launched an ortho-k product, it was sort of a labeling thing FDA approved for myopia management. What is the difference between approved for myopia management versus myopia progression control for you guys?

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

Yes. Myopia control being a much more powerful claim. Myopia management being the more general term. You'll hear people talk about Ortho K and other products being used for myopia management. I've talked about it in that context fairly frequently, frankly, historically as a general term, myopia control being a much more specific term. To receive approval from the FDA on a myopia control basis is much more powerful than general myopia management which is something you'll see for all Ortho K products along with the spectacles that are in the market. So, it's a much looser designation, if you will, talking about managing myopia versus [controlling the progression of myopia] (added by company after the call).

Operator

And your next question comes from the line of Jason Bednar with Piper Sandler.

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

Congrats on a nice quarter. Al, I'm hoping you can help us out with how consumers are behaving here as society and the economies reopen, and we move back to more of a normal state. Are you seeing any change in eye exam behavior, contact lens consumption, a greater percentage of annual supply is being purchased? Just any color there.

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

Yes. That's a good question. It's very regional dependent would be the easiest way to say it, because if you look at the U.S. as an example, we've seen consumption come back up, a lot of activity return to normal. Now we're still not quite seeing the amount of new fit activity that we'd like to see. That's still down. That's still impacting some of your new dailies including MiSight, as an example. But we're getting there, and we're getting there quickly. I'm pretty optimistic as we get to the back-to-school season this year, you're going to see new fit activity and so forth pick up in the U.S.

As you move to somewhere like Europe, this region from a contact lens perspective is continuing to move in the right direction. It almost feels like it's 4 months or 5 months or 6 months ago where the U.S. was at. I hope that's the case, and I hope we see the continuing progress there as consumption, and other things pick up, as the vaccines roll out. Asia Pac is a little different. Again, though, you probably even have to break that into markets. We're weaker in China than we are in some of the other spots out there. China is doing well, but some of the other markets like even Japan is still in the single digit when it comes to vaccination [rates and is thus recovering slower] (added by company after the call). I think you're seeing different levels of improvements, different levels of improving consumption activity [in different regions] (added by company after the call). The trend mostly across the board is positive though. I'd give you that as a high-level overview.

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

Okay. That's super helpful, all the regional comments. Just as a follow-up, you threw out that $100 million target for myopia management next year, I'm just curious if you could bucket the contributors there. I mean does MiSight still account for $50 million of that? Or has that changed just with the pace of reopening progression? And then within that $100 million, what's the right way to think about maybe SightGlass contributing to that figure versus Ortho K?

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

Yes. I would still put MiSight in there at $50 million. I think we have a chance to do better than $50 million. We're running into a few challenges this year. It's COVID-related. There's no question about that because the demand out there and the interest is crazy strong. But I think at the rate we're going right now, I think we're $50 million plus when it comes to MiSight next year, the remaining portion largely being Ortho K. We'll launch SightGlass later this year, and we'll get into some European markets. It has CE mark, so we'll get that product out there so it will contribute, it will just be a question mark of how much it contributes.

And by the way, Jason, just note that when it comes to SightGlass right now, that's fully rolling through our P&L. When we close the joint venture with EssilorLuxottica that most likely will not show up in revenues. Any gain or loss attributable to that joint venture will be below the line. So I would envision next year, you might not see any SightGlass revenue coming through our P&L.

Operator

And your next question comes from the line of Larry Biegelsen with Wells Fargo.

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

Congrats on a nice quarter. Just a couple on MiSight. I guess to follow up on the last one, is $25 million still the right way to think about 2021? Are you making any tweaks to the business model? I think right now, it looks like going from $3 million to $4 million, some people may be concerned about the pace to get to that $25 million. And I had a follow-up.

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

Yes, I think that's fair. I wouldn't take $25 million off the table right now, but I do think we're going to have a hard time getting there. We're going to need COVID to move in our favor in some of these markets because we still have the significant portion of MiSight being outside the U.S. We've actually seen some of the markets take a step backwards, with COVID restrictions. Then, other markets maintain COVID restrictions. So, that's a challenge for us. Probably a more attainable number would be something in the low 20s, $20 million, $21 million, something like that. Again, I don't think that's going to stop us from hitting $50 million next year because I think the momentum we have is strong enough to get there. When I look at the ramp-up, we've seen a faster ramp than I was anticipating in terms of trialing and piloting activity from retailers, and from buying groups. That work takes a little time, but we'll work through that, and I'm still crazy bullish on the product and I think we're going to be in great shape. When you look at tweaks to the business model right now, not really because of the underlying success that we're seeing with respect to the product and the interest that we're getting is ultimately going to result in very, very large fitters of MiSight.

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

And just one follow-up on MiSight, Al. China, how are you feeling about approval there this year? And that retailer, a large retailer in Europe that you talked about in the last call, any update on that?

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

Yes. On China, we've had some more dialogue, back and forth with them, all good, I would say. Since it's regulatory based, I should just say cautiously optimistic. I'm not going to change my stance on that. As a matter of fact, maybe a little bit more optimistic. I can't wait to get that approval and get that product into China because it should be hugely successful there.

Great response from the retailer I mentioned last quarter. We've actually expanded that trialing activity, so things are going really well there. Maybe that's part of the reason we're seeing some other retailers and buying groups jump in on that. People don't want to get left behind on that activity. So yes, definitely taking steps forward there.

Operator

And your next question comes from the line of Jeff Johnson with Baird.

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

Al, Look, I hate to keep focusing on myopia, I know it's such a big future growth driver, but it's a small part of the business right now. But we're starting to see things like Essilor saying 1,000 patients a day in China with their Stellest lens. Hoya and ZEISS seem to be having decent success at least Hoya does with their myopia glasses, things like that. So help us think about the next couple of years.

Is SightGlass potentially as big or bigger than MiSight? Do you think MiSight will still be the dominant product within your portfolio? Just glasses versus soft contact lenses, I guess, first question, then maybe I have a follow-up on top of that.

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

Yes. It's going to be really interesting to see how the market develops, because you're right, when it comes to myopia glasses, Essilor is a great example. They're doing really well with that product. Now that's a great company to start with, great distribution network. They're doing really well right now. A lot of attention going there by optometrists. SightGlass is a phenomenal product. I think once it gets in the market it's going to do really well. As we tie that together, with EssilorLuxottica and with MiSight in a lot of markets and even with Ortho K, I think we're going to be hugely successful.

The question mark that I have on that ends up being a lot of optometrists have come back to us. Obviously, they like glasses and they want to go with glasses because it's an easy sell. But they also have commented saying, "Hey, I think that MiSight contact lenses are going to be a lot more efficacious because we really want these kids wearing them all the time. It's like metal braces. We want the kids wearing them all the time, and we know we'll get that from contact lenses."

Some of the feedback has been, "Hey, I want to get kids into a myopia management program at like 5 or 6 years old." They're not going to put them in contacts then. So, what I'm hearing more is from 5 to maybe 8, 9, 10, we're looking at a little bit more at glasses, and from 10 onward we're pushing and talking much more about contact lenses. It will be interesting to see how it plays out. I'm just happy we have both of them.

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

Yes. No, I would agree with that. And then I guess I'll forgo my other follow-up and just follow-up on something you said there on just the efficacy in that. I mean we have seen now 2-year data, 3-year data out from Hoya from Essilor just in the last month or so showing those kind of 60%, 65% reductions in myopia progression, things like that. So as glasses do show to be as efficacious, does that change kind of your marketing message? Does that change price points?

It looks like to me, even some of the U.K. price points on myopia glasses is around $750 a year versus $1,500 per year for MiSight here in the U.S. I know markets are different, but how comfortable are you at the price point you're at with MiSight when glasses seem to be coming in at a less expensive option at least in some of your international markets?

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

Yes. A couple of things. The price point on MiSight is lower outside of the U.S. When we talk about the U.S., and with FDA approval we're running at about $750. Once you're getting outside of the U.S, let me call the global range more $500 to $750. We're seeing a lot of the optometrists out there, sell this as a package offering. That wouldn't surprise me moving forward that they do that as, hey, regardless of what product you're getting and how we're going to sell it, we're going to sell these together. So maybe you get a year of contact lenses or its 2 or 3 glasses, because kids are going to lose their glasses or break them or need to update their script. I think that at the end of the day, the pricing is probably in a pretty good place right now. Where I've seen the pricing on glasses lower, as you're talking about, that's also for one pair of glasses. [In practice, when you end up selling them, you give them 2 glasses or 3 glasses, so it depends on how you're going to look at that] (corrected by company after the call). It seems to be coming together at a pretty decent price point around where we're sitting at right now. So then I think the next thing goes to saying, two components of it, is yes, they're both efficacious and being proven to be relatively similar at the end of the day with their success rates.

Then you go to, okay, is the kid going to really wear those glasses? Because they have to wear them all the time, 10 hours a day, every day. That's where we're seeing optometrists push towards it and say, "Hey, they're both as efficacious, but I'm guaranteeing the child's wearing contact lenses, the other one, I'm not. That's why we're seeing more of the push from a lot of optometrists for kids who are 10 or older moving them into contact lenses.

Operator

Your next question comes from the line of Anthony Petrone with Jefferies.

Anthony Charles Petrone ***Jefferies LLC, Research Division - Healthcare Analyst***

And congrats on the quarter. Al, I want to start with the overall calendar 1Q trends in contact lenses and matching that to the fiscal quarter. What is your internal data telling you about where calendar 1Q exited from a market data standpoint, some competitors are saying that the global market was flattish with mixed performances by geography. The company put up 25% CVI growth. When we look at that 25%, how much of that was actually the April trend? And how much of that was perhaps share gain?

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

Yes. April was a massive growth number for us. This fiscal quarter, we grew in every region, every single month. I can say that much. I do think that if you look at calendar Q1, as an industry, it was flat, maybe it was up 1% or 2% but you saw it improve through the quarter. I know we had a bunch of business in March that we ended up shipping in April as we don't maneuver too much around the month end stuff.

But yes, at the end of the day, maybe the easiest way to summarize it is to say, calendar Q1 was okay, flat to up just a little bit. April was definitely a strong month, and we're continuing to see that performance. Big differences regionally. No question about that. Big differences regionally. The U.S. was very strong. That's one of the things I was talking about, Anthony, when I was saying I'm really happy with our performance from the geographic perspective, we're under-indexed in China. We're a little under-indexed here in the U.S., where we're the #3 contact lens company. I do believe if you look at it for the fiscal quarter, a decent chunk of it was us taking share, and that includes in some markets like Europe and Asia Pac.

Anthony Charles Petrone ***Jefferies LLC, Research Division - Healthcare Analyst***

That's helpful. A quick follow-up. I'll actually shift to Surgical. IVF and IUD, both strong. Maybe a little bit, is there backlog still out there? If there is, what is the tailwind linked to backlog in both IVF and IUD?

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

Yes. I'd say we're going to post another really strong PARAGARD quarter, because May of last year was pretty nonexistent. So, we're going to have another really high growth rate in PARAGARD. I don't think there's anything out there with respect to channel inventory or backlog. I think that's just business as usual right now.

Fertility is really strong. We're taking a lot of share even with struggles in places like India, as an example. It's really tough to see what's going on there and that's a really nice market for us. We're stronger there than in some of the growth markets like China. The question, really, for fertility ends up being how much of that growth was tied to reopening and capital equipment activity that won't repeat itself. I'm probably more optimistic maybe than most on that because you're continuing to see fertility clinics open around the world. As they open, they stock up. You're continuing to see new fertility clinics get built or build out and that's capital equipment purchases. Those things are always hard to forecast, but the backlog is pretty damn good within fertility.

Operator

Your next question comes from the line of Chris Cooley with Stephens.

Christopher Cook Cooley ***Stephens Inc., Research Division - MD***

Al, I apologize, but let's go back and talk about myopia management a little bit more. I'm specifically interested in your comments in the prepared comments, where you talk about greater focus with the mass account or the chain account. I've always thought of this product as being a little bit more high touch, more of a bespoke ECP type products. I'm just kind of curious when we think about MiSight, should we think about its adoption being driven much more like dailies in the early days from push more so from the chain?

And then similarly, maybe as a second part to that question, a little bit interested here, you have the broadest portfolio, clearly and have been bulking up the Ortho K franchise, but the one missing piece here is pharma, I'm curious if there's an appetite as well to maybe just complement the spectacle and contact lens piece at that exact same call point with a pharma solution. I just got a quick follow-up on Surgical.

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

Sure. I'll answer, quick one on the pharma piece, with atropine and so forth. We are doing work on that within R&D. I don't know if you'll see anything anytime soon, but that's an interesting component of the myopia management business. So yes, we're keeping an eye on it.

When it comes to MiSight on the retail side, that is going to be one of the big drivers that's out there. The independents have grabbed a hold of this. We had a lot of people continue to get trained and start selling the product. Some of the bigger retailers are looking at this saying, okay, well, wait a minute. I don't want to get left behind on this. This is clearly gaining some traction. The World Council of Optometry going out and telling people that this should be standard of care is pushing things along relatively quickly.

What you're seeing from the retailers right now is really trying to figure it out. Say, should we have this in all of our stores? Or should we put this in certain stores? If we have a bunch of stores in London, should we select stores where we're going to drive all of our pediatric patients? Or should we have everybody get certified and everybody fit MiSight? You're getting retailers trying to figure that strategy out.

You've seen the same thing here in the U.S., with TreeHouse Eyes and some different organizations becoming more focused on myopia management. This is still such early stage in the marketplace. We're really creating a brand-new market here. It makes it exciting. But there's some definite question marks out there. The thing I am happy about, and is moving faster than I expected right now, is the interest from some of those big retailers saying, "Hey, I don't want to get left behind here." I need to get moving and figure this out one way or another. That's a key component [for our long term success] (added by company after the call).

The other thing I would add just quickly when it comes to retailers, is it's a little easier for an independent. They run their own store, how they want to price it, how they want to handle selling it, communicating it. You go to a retailer where they want to standardize that throughout their operations. That takes them a little while longer, figure out how we're going to price it, how we're going to sell it, all the different components that go into it. A lot of work being done behind the scenes on that.

Christopher Cook Cooley ***Stephens Inc., Research Division - MD***

I appreciate all the color there. And then just quickly for me on CooperSurgical. You mentioned, obviously, the strong growth in fertility and also continued lift with PARAGARD. With both of those categories having strong momentum, do we think about kind of a structural lift here in the operating margin contribution going forward from CooperSurgical as you do have your planned capital expenditures? I believe you said completed now. Is there more of a step-up that we should think about as we exit the fiscal year? Just help us think about kind of the margin contribution profile of that business unit going forward.

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

Yes. That business certainly has higher gross margins. We're continuing to see those trend in the right direction. The consolidation effort I've talked about over the last couple of years with respect to Costa Rica is starting to generate returns right now. A product like PARAGARD has very high gross margins. We're probably still a little inefficient, with respect to that business model in total though, so, as we continue to grow revenues, we'll be able to continue to leverage that base. The fertility business is a global business, with largely global infrastructure. You're talking about a business, even if you annualize this quarter, that's a little over $300 million. So, we need to continue to grow that to leverage it. But the answer to that is, yes, we anticipate our operating margins continuing to improve within the CooperSurgical business and that will help the overall business.

Operator

Your next question comes from the line of Jon Block with Stifel.

Jonathan David Block ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst***

Al, I'll start with you. I know pure price call, it's usually not a big driver in the lens market. ASPs are usually treated from, call it, material or modality. But in the supposed inflationary environment, is there more of an opportunity this year for price for you guys to take that?

And Brian, while I'm going down that same road, for you, are there any material costs to call out in your opinion, putting pressure on the supply chain or other areas of the business? And then I just got a follow-up.

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

Yes. On pricing, I would say, yes. We've seen pricing trending higher. As a matter of fact, we've just heard, which I haven't confirmed, and it sounds like one of our competitors just recently took list pricing up a little bit. But you have seen list pricing moving up a little bit. You've seen some rebate activity come down a little bit. When you look at the world that we're in today, with some of the inflationary pressures that we see out there, there's probably a little bit more ability to take price than there has been over the last several years.

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Jon, I'll take the other question. Nothing really to point to. We've got long-term contracts with our suppliers. Nothing to highlight really right now on inflationary raw materials or other costs.

Jonathan David Block ***Stifel, Nicolaus & Company, Incorporated, Research Division - MD & Senior Equity Research Analyst***

Okay. Great. And then a follow-up question is sort of multiple parts down the MiSight row. But maybe to start, MiSight, $50 million next year, Al, that is not including China is sort of the question there. And then maybe the $700,000 for MiSight this quarter that I think you referenced in the U.S., was that a clean number this quarter?

And what I mean by that is, is that sort of reflecting no free fittings? If so, Al, maybe you can just comment on the utilization. I think everyone is just trying to rectify a ton of docs trained, $700,000 in U.S. revenue. Is this somewhat maybe lower-than-anticipated utilization a function of difficulty to getting the kid into the optometrist office or more that optometrist wanting to fit one kid and watch him or her progress for, I don't know, 6 or 12 months before starting kids 2 through 5.

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

Yes. You do get some of that where you're getting an optometrist fit a couple of kids, and then they might wait a little bit. Maybe the other point to make on that Jon, that's probably important, is we recognize our activity, all of it, upon shipment. One of the challenges that we've had with MiSight is shipping it on a quarterly basis or 6 months rather than an annual supply. You've heard me talk historically more about, hey, $750. We fit a kid, we get $750. Mentally, that's how I think of it. But in actuality, from an accounting perspective, depending upon what you're shipping, if you're shipping a full year in the U.S., then yes, you would get $750 or if it's outside the U.S., you would get whatever that price is.

But certainly, more than half of our sales of MiSight are shipped as 6 months or quarterly sales. Maybe I haven't been as clear about that, because the number of fittings that we're actually doing, the kids getting fittings, is greater, than what people think it is because we're not recognizing as much revenue as people are thinking we are right away. That's one of the things that gives me more comfort on the $50 million next year, is because I see the number of children actually being fit in the product. I know that revenue will come. It's a renewing cycle anyways for the annual purchaser, but for all the kids who are not annual purchasers, 6 months, you know that's going to continue to come. I think that's part of it. The $700,000 in the U.S. would be a true number. No free lenses being included in that.

When it comes to China and $50 million for next year, I think about it all together. It will depend when we get approval for China. When we're able to launch that product as how much that's going to contribute. But that would be part of our $50 million plus, in terms of MiSight numbers for next year.

Operator

And your next question comes from the line of Issie Kirby with Redburn.

Issie Kirby ***Redburn (Europe) Limited, Research Division - Analyst***

I have two on MiSight, please, and then one on Surgical. Firstly, just on MiSight, just thinking about where you are with your investments into sales and marketing and whether or not that has changed given the dynamic you've outlined in these larger retailers and what that really means for the margins of that product?

And then following up on SightGlass actually, and MiSight. Just thinking about your partnership with Essilor Luxottica. Obviously, they have a vast distribution network, just thinking about any potential to cross-sell either technologies between the 2 companies outside of SightGlass. And then I'll follow up on Surgical.

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

Yes. I'll start with EssilorLuxottica because we have a great relationship with them. We manufacture their Ray-Ban contact lenses that they're selling, which is a great product that's doing really well. Yes, I would love to grow and expand that relationship because it's good now. They have a great team of people. I've gotten to know them better. Our team has gotten to know them better. If we can combine our efforts to improve things like myopia management, then fantastic. They distribute our Ortho K lenses in China. If we can work something out, I'd love to see us come together on a product like MiSight. That's a potential home run opportunity there. We'll see how that builds up over time. We're having a lot of discussions with them right now. As you can tell, a lot of positive good discussions.

On the margin side, right now, with respect to the retailers, that's not impacting anything because the price point is what the price point is. That will only ultimately be a question mark as to if someone becomes really large and starts doing a lot of volume. My guess based on history, is that we would continue the price point that we're at, meaning we would hold the price point we're at. Changes would be more in terms of if you do that much volume, we'll give you a cross-promotional activity for other products and services. More sales and marketing in a broader sense than it would be any discount activity associated with a product like MiSight.

Issie Kirby ***Redburn (Europe) Limited, Research Division - Analyst***

That's very helpful. And then on fertility, it will be great if you could comment on some of the dynamics you're seeing in the end market in the clinics, particularly around perhaps seeing any sort of acceleration in the consolidation of clinics, whether or not this has accelerated due to COVID, and how you guys over at surgical are well positioned to service these larger accounts?

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

Yes. We have seen some of that. We've heard a few things from competitors about supply concerns. We have not had any of those. When you look at consolidation activity, which has increased, that is a positive for us because one of the things we started investing in, and you can tell that I'm a big fan of, is key account activity. We have the broadest portfolio you're going to have, so as you see consolidation activity, you naturally get clinics coming and saying, "Hey, we want to buy on volume. We want all the products and we want to push those products in a standardized format through our clinic." We're clearly the #1 option for that kind of activity. We can offer them everything and we can pull it together for them. That consolidation activity, some of the bigger trends in the fertility space are positive for us because of our current business model.

Operator

And our next question comes from the line of Joanne Wuensch with Citibank.

Joanne Karen Wuensch ***Citigroup Inc. Exchange Research - Research Analyst***

A couple of little things at this stage of the call. Was there any stocking in the quarter? What is your foreign exchange guidance for the year? And gross margins, you said that there was no change to your gross margin assumption for the year despite the 68.1% in the quarter. I'm just curious if you could reiterate what the assumptions are? And why would there be no change?

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

Yes. I'll take the first one, then I'll flip it to Brian. There was nothing to mention in terms of stocking with respect to vision or surgical, it was normal activity.

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Joanne, yes, on the FX guide, FX previously was a 3% tailwind to revenues and an 8% tailwind to EPS. FX has moved against us. On the margin, just slightly worse on the revenue line, but still 3% tailwind. To EPS, it's about a 7% tailwind now, so it moved down about 1%. That's factored into our guidance and the impact of FX in the second half of the year is offset by the effective tax rate reduction going from around 12.5% from last quarter to around 11% now with this new guidance.

On the gross margin side, I had said last quarter, around 67.5% to 68% on a consolidated basis and bouncing around, range-bound, yes, we ended up at 68.1%. I still think we have a chance maybe to get to 68%, but we're still going to hold to the upper 67s. I talked in my script about the push/pull around higher dailies offset by better utilization or better efficiencies in our manufacturing plants with volumes and then strong CooperSurgical gross margins. Some of that's going to be driven by mix, so about high 67s.

Then on the operating margin line, that's really where we're saying, hey, there's just going to be a little bit more OpEx than what we were expecting, last quarter. All of the myopia management product launches, just general market opening activity and back-to-school is going to result in slightly higher OpEx as a percentage of sales. So that's how you get to our EPS guidance.

Operator

And your next question comes from the line of Robbie Marcus with JPMorgan.

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

Great. I'll add my congratulations on a good quarter. Maybe just a follow up on Joanne's question. Can you remind us what FX was in second quarter on the top and bottom line? And what acquisitions were in the quarter and what's in the guidance now versus last quarter?

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Sure. On the FX to revenues is $24.5 million. FX to EPS was $0.21. In the guidance, we've got about $2 million for No. 7 Lens and about $5 million from obp. Those are both 2 quarters worth. Then for M&A contribution in the quarter, you had about $1 million from Vision and about just a little bit under $3 million for CSI, so a total of $4 million.

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

Great. And I know you don't break out segment margins anymore. I was wondering though if you could just give us maybe a high-level thought on vision versus surgical and how we should think about the gross and operating margin trends for each of the businesses throughout the year. You talked a lot about spending in CooperVision, Any color you can give us to help with the split would be great.

Brian G. Andrews ***The Cooper Companies, Inc. - Executive VP, CFO & Treasurer***

Yes. No problem. On CooperVision, I talked about earlier, both of them were up, Vision and Surgical were up. Some of the trends that we're seeing are still playing out. We had some volume-related absorption. That's starting to go away as volumes pick up. But though that's being offset by higher sales of dailies. Our daily silicone hydrogel suite of products is not quite as high as CooperVision gross margin. So that's going to be a little bit of a push-pull, but we have a chance of seeing CooperVision margins trending a little bit upwards, but flattish.

Then on the CooperSurgical side, stronger PARAGARD sales with that high gross margin product and fertility, all of the work that we're doing to consolidate into Costa Rica all helps CooperSurgical gross margins. That's a positive trend that should continue.

On the operating margin side, Al touched on CooperSurgical operating margins just a few minutes ago. On the Vision side, again, I think most of what you're seeing as markets reopen and all the rebound activity that we're doing to seed these markets to prepare for product launches and to put some meat around myopia management and make sure we're supporting the launches of all of our suite of myopia management products, you'll see some OpEx increases there ahead of some of the revenues that you'll see down the road.

Operator

And your next question comes from the line of Steven Lichtman with Oppenheimer.

Steven Michael Lichtman ***Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst***

Al, in SiHy Daily, it sounds like MyDay continues to be very strong. And I assume the main driver beyond the improved supply and certainly new launches for MyDay, is there anything else that you're seeing in terms of broader patient preference trends? Is there a mix toward a more premium lens that's surprising you? I guess, overall, what's your view on the mix of clariti versus MyDay looking ahead and the outlook for clariti overall?

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

Yes. It's been interesting how it's played out, both performing really well, both within our segments, with clariti being more mass market. We've seen good success from clariti right through. Sphere, Toric, Multifocal all doing okay. MyDay Sphere doing well, but MyDay Toric doing really well. Once we got it in the marketplace, we knew it was going to be a hot product. I can tell you, it's just continued to go, it is doing really, really well. That's probably been the biggest driver or the biggest positive. That's one of the things that makes me optimistic about MyDay multifocal. All our clinical testing, data feedback has been very similar to the positive feedback and good stuff we were getting on MyDay Toric. So I'm pretty excited about the multifocal coming out.

Steven Michael Lichtman ***Oppenheimer & Co. Inc., Research Division - MD & Senior Analyst***

Great. And then just your outlook for PARAGARD overall, looking out over the next 1 to 2 years, how are you thinking about underlying growth potential? And given the health and wellness trend, are you anticipating increasing DTC activity?

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

Not necessarily. We'll have a new campaign that will come out and replace our old campaign. You saw some of the TV advertising, but no, we're continuing to get good results from the marketplace and a lot of interest. Given the momentum and interest that we have right now, I don't see the necessity to go blast out a DTC campaign or something above and beyond the activity we've been doing.

Our PARAGARD team is really strong. We just moved a few people around there. We have a great team of people who ran it, great team of people who are currently running it all together, our insight into the IUD market and PARAGARD particular, it's incredibly strong. You'll continue to see DTC activity and targeted activity, but I wouldn't expect significant increases in costs associated with it. But I would continue to expect pretty good performance out of PARAGARD.

Operator

And your next question comes from the line of Rob Cottrell with Cleveland Research.

Rob Cottrell

Two quick questions for you. First, Al, you mentioned that new fit data is still lagging a bit and a bit soft. Clearly, that's not impacting the quarter outlook yet. But wondering how you're thinking about the timeline for new fits to return to normal? And whether that is included in the outlook for this year, you think it might stretch into 2022?

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

Yes. It's so different by region. We're definitely seeing the improvements around the world. The U.S. continues to move in that right direction, and that's critical for us right now because that's an important one for MiSight, especially in the back half of the year, but also for our dailies. Because what we were seeing pre-COVID with respect to new fit data was that you were seeing a much higher percentage of people being fit in daily SiHys than you were any other product. That's an area of strength for us.

I'm making the assumption that when we look at the world for new fits, you're going to continue to see new fits trend in the right direction. I wouldn't anticipate a big jump all of a sudden anywhere. I think it's just going to be a matter of vaccines rolling out, continuing to be successful, continuing to allow more foot traffic, that will improve new fit data.

The other thing is, you get to California here, we still have restrictions. June 15, we get to the point finally where we don't have restrictions, that's going to allow a greater volume of patients going through optometry offices. There's some big markets out there, California being one of them, that continue to take steps in the right direction. You go outside of the U.S., you look at markets like the U.K. continuing to move in the right direction. So moderate positives, but I'm not anticipating some massive big step-up.

Rob Cottrell

Got it. Okay. And then quickly on MiSight, you talked about revenue recognition and shipping out every 6 months. Curious, as you start to expand these pilots with retailers, is that something where you expect retailers and buying groups to stock inventories to where MiSight might be a little bit more lumpy in the future? Or will you still retain the shipping to patients?

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

Yes. Right now, there's no stocking on MiSight. That's a good point. Just to be clear, everything that you're seeing, everything we're reporting is product being shipped out to patients to wear. We'll see how that changes in the future. I would guess certainly for the foreseeable future, it's going to continue to be managed the same way it is right now. It will be shipped when the patient orders the product.

Then it's just a matter of how the doc wants to do it. A lot of them want to say, "Hey, I'll get a year supply because the child's eyesight is not going to change that much. Let's get the product, let's get it in their house." Where over half of optometrists are saying, "Hey, I want to see the kid more frequently, I want them to come in for eye examsso I'm going to do a 3-month or I'm going to do a 6-month, and then I'm going to do the eye exam. Then if there's a parameter change or tweak that needs to be made, I'll do it and send them new lenses. Otherwise, I'll continue to send them the original script."

We'll see how that plays out over time. My guess is, though, that you're not going to have a lot of stocking on MiSight anytime in the near future.

Operator

Our next question comes from the line of Chris Pasquale with Guggenheim.

Christopher Thomas Pasquale ***Guggenheim Securities, LLC, Research Division - Director and Senior Analyst***

Al, can you give us an update on where you stand in the U.S. today with MiSight and physicians trained or the installed base maybe in the U.S. and globally?

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

I think we're around 4,000 certified eye care professionals in the U.S. right now. I don't have the number off the top of my head. I know it's larger than that outside of the U.S. To be honest, I've kind of stopped looking at it just because there's so much variability around fitting and how much people fit. Anyone who's really interested in myopia management has a tendency to fit a lot. And then we're getting a lot of eye care professionals come in that are new, that are doing 1 or 2 or just getting started.

We're also starting to see people outside of the traditional optometrist, getting certified on that because you're getting some staff and some other people who are now responsible for it. The optometrist doesn't want to spend their time educating mom and dad on what myopia is and how it progresses. So you see a broadening of some of the training activity, but it continues to increase. I know we continue to get a pretty decent number of certifications coming through on a monthly basis.

Christopher Thomas Pasquale ***Guggenheim Securities, LLC, Research Division - Director and Senior Analyst***

How about from an installed base perspective, how many kids do you think you're up to now?

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

Well over 30,000. Numbers started ratcheting way up. I've been focusing on other stuff. But yes, it's certainly over 30,000.

Christopher Thomas Pasquale ***Guggenheim Securities, LLC, Research Division - Director and Senior Analyst***

Okay. And then curious with the fertility business, do you have much of a presence in China today? Any impact to you guys from the change in the child policy over there? Is that something you're looking at as an opportunity? How do you think about that?

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

Yes. I wish we had a bigger presence there. We do not have a really large fertility presence in China. We do have a presence. We have a decent business there. We're working right now to try to get some of our products registered, so we can sell them there. Some of our top products in different markets around the world are currently not registered in China. They're going through the process. I think the change in terms of the 3 kids is great for fertility in China, and that's going to help all of us in the fertility space who compete in that marketplace. We have much higher market share in other markets than we do China. I look forward to getting some of those products registered and having some more success in that market.

Operator

Thank you. I will now turn the call back over to President and CEO, Al White, for any closing remarks.

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

Great. Fantastic. Well, thank you, everyone. I appreciate the time and the interest. Always happy to talk about all this stuff. As you can imagine, I spend a lot of my time with Dan talking about MiSight and the team and myopia management in general. So happy to go through all this detail, and it was a good quarter, so happy to be talking about it.

Thanks for the time, and we look forward to catching up with everybody in the coming weeks here and certainly in 3 months when we report in the beginning of September. Thank you, operator.

Operator

This concludes today's conference call. Thank you for participating, and you may now disconnect.