

Mentor Reports Record First Quarter Financial Results with Double-Digit Sales and Earnings Growth; Receives Approvable Notification from FDA for Silicone Gel-Filled Breast Implants

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SANTA BARBARA, Calif. - (BUSINESS WIRE) - Aug. 2, 2005 - Mentor Corporation (NYSE:MNT):

-- Sales Were a Record \$135.3 Million in the First Quarter Fiscal Year 2006, an Increase of 11% over the First Quarter Fiscal Year 2005

-- Earnings Per Share Were a Record \$0.47 in the First Quarter Fiscal Year 2006, an Increase of 27% over Earnings per Share in the First Quarter Fiscal Year 2005

-- Approvable with Conditions Letter Received from the FDA for Mentor's MemoryGel(TM) **Silicone Gel**-Filled Breast Implant PMA

Mentor Corporation (NYSE:MNT), a leading supplier of medical products in the United States and internationally, today announced record financial results for the first quarter of fiscal year 2006 with earnings per share of \$0.47, an increase of 27% over earnings per share of \$0.37 in the first quarter fiscal year 2005.

In addition, in late July the Company received an "approvable letter" from the U.S. Food and Drug Administration (FDA) for the Company's MemoryGel(TM) **silicone gel**-filled breast implant Pre-Market approval (PMA) application. The approvable letter stipulates a number of conditions which Mentor must satisfy in order to receive FDA approval to market and sell **silicone gel-filled breast implants** in the United States.

"Mentor achieved record financial results in the first quarter 2006 with double-digit sales and earnings growth," commented Joshua H. Levine, President and Chief Executive Officer of Mentor Corporation. "In addition, last week we achieved another significant milestone in our **silicone gel**-filled breast implant program when we were notified by the FDA that the PMA for our MemoryGel silicone **breast implants** was approvable with conditions.

"During the quarter we also launched a number of key products and continued to advance our product development pipeline," added Levine. "We launched our Puragen(TM) dermal filler product in Europe, our Aris(TM) synthetic sling for women's incontinence in the U.S., our Lumer(TM) shaped silicone breast implant product line for **breast reconstruction** in the U.S., and our IsoStrand(TM) technology for brachytherapy in the U.S. We remain on-track to

meet important product development milestones for the U.S. clinical programs for our dermal filler and botulinum toxin type A products."

Product Sales

Total sales were a record \$135.3 million in the first quarter fiscal year 2006, an increase of 11% over sales of \$122.4 million recorded in the first quarter fiscal year 2005, including \$1.8 million of positive foreign currency exchange effects, principally from the Euro.

-- Aesthetics Segment

Mentor's Aesthetics business segment continued its record of strong growth. First quarter fiscal year 2006 Aesthetics sales were \$74.1 million, up 13% from sales in the first quarter fiscal year 2005.

-- Surgical Urology Segment

Mentor's Surgical Urology sales were \$34.2 million in the first quarter fiscal year 2006, up 7% from sales in the first quarter fiscal year 2005.

-- Clinical and Consumer Healthcare Segment

Mentor's Clinical and Consumer Healthcare sales were \$27.0 million in the first quarter fiscal year 2006, up 8% from sales in the first quarter fiscal year 2005.

Gross Profit

Gross profit for the first quarter fiscal year 2006 was \$89.5 million, or 66% of sales, compared to \$78.5 million, or 64% of sales, in the first quarter fiscal year 2005, with significant improvements in each business segment. Key contributors to the improvement in Mentor's gross profit margin for the first quarter were strong sales of higher margin products, improved manufacturing efficiencies and lower material costs.

Selling, General & Administrative Expense

Selling, general and administrative (SG&A) expense in the first quarter fiscal year 2006 was \$47.6 million, or 35% of sales, compared to \$43.3 million, also 35% of sales, in the first quarter fiscal year 2005. The increase in SG&A expense during the quarter was related to additional investment in selling and marketing programs including expenses related to Mentor's direct to consumer advertising

program, the Company's emerging facial aesthetics business and Mentor's **silicone gel** breast implant PMA application.

Research & Development Expense

Research and development (R&D) expense in the first quarter fiscal year 2006 was \$8.0 million, the same as in the first quarter fiscal year 2005. During the quarter, Mentor's investment in R&D supported the ongoing review of Mentor's pending **silicone gel**-filled breast implant PMA and key clinical programs for the Company's hyaluronic acid-based dermal filler and botulinum toxin products.

Dividend

Mentor declared a dividend of \$0.17 per share in the first quarter fiscal year 2006, compared to \$0.15 per share in the first quarter fiscal year 2005.

Balance Sheet

Mentor ended the first quarter fiscal year 2006 with \$170.7 million in cash and marketable securities, compared to \$112.9 at the end of fiscal year 2005.

Conference Call

Mentor Corporation has scheduled a conference call today regarding this announcement. Those interested in listening to a recording of the call may dial (888) 562-2849 at 6:00 p.m. EDT today until Midnight EDT August 9, 2005. You may also listen to the live webcast at 5:00 p.m. EDT today or the archived call at www.mentorcorp.com , Investor Relations site under "Conference Calls."

About Mentor Corporation

Founded in 1969, Mentor Corporation is a leading supplier of medical products for the global healthcare market. The Company develops, manufactures and markets innovative, science-based products for the aesthetics, urologic specialties and clinical and consumer healthcare markets around the world. The Company's website is www.mentorcorp.com .

Safe Harbor Statement

All statements included or incorporated by reference in this release, other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by us. Forward-looking statements can often be identified by words such as "anticipates," "scheduled," "expects," "intends," "plans," "predicts," "on-track," "believes," "seeks," "estimates," "may," "will," "should," "would,"

"could," "potential," "continue," similar expressions, and variations or negatives of these words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These forward-looking statements speak only as of the date hereof and are based upon the information available to us at this time. Such information is subject to change, and we will not necessarily inform you of such changes. These statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, our actual results could differ materially and adversely from those expressed in any forward-looking statement as a result of various factors.

Important factors that may cause such a difference for Mentor include, but are not limited to competitive pressures and other factors such as the introduction or regulatory approval of new products by our competitors and pricing of competing products and the resulting effects on sales and pricing of our products, disruptions or other problems with our sources of supply, significant product liability or other claims, difficulties with new product development and market acceptance, changes in the mix of our products sold, patent conflicts, product recalls, United States Food and Drug Administration (FDA) delay in or approval or rejection of new or existing products, changes in Medicare, Medicaid or third-party reimbursement policies, changes in government regulation, use of hazardous or environmentally sensitive materials, our inability to implement new information technology systems, our inability to integrate new acquisitions, and other events. Our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss the foregoing risks as well as other important risk factors that could contribute to such differences or otherwise affect our business, results of operations and financial condition. We undertake no obligation to revise or update publicly any forward-looking statement for any reason.