

9 March 2023

Strong financial performance and continued strategic progress

Annual results for the twelve months
ended 31 December 2022

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Hosts



Karim Bitar
Chief Executive Officer



Jonny Mason
Chief Financial Officer

Pivoting to sustainable & profitable growth

Strong financial performance despite a challenging backdrop

Strengthened competitive position

On track to make further progress in 2023

Attractive medium-term prospects

Financial review 2022

Strong financial performance in 2022

Revenue growth¹

+6.9%

Revenue \$2,073m
(FY 2021: \$2,038m)

Organic revenue growth²

+5.6%

(FY 2021: 5.3%)

Adjusted operating
profit margin expansion

+180 bps

Adj. operating profit of \$404m @ 19.5%
(FY 2021: \$362m @ 17.7%)

Adjusted PBT growth

+9.1%

Adj. PBT of \$338m
(FY 2021: \$309m)

Adjusted EBITDA

\$500m

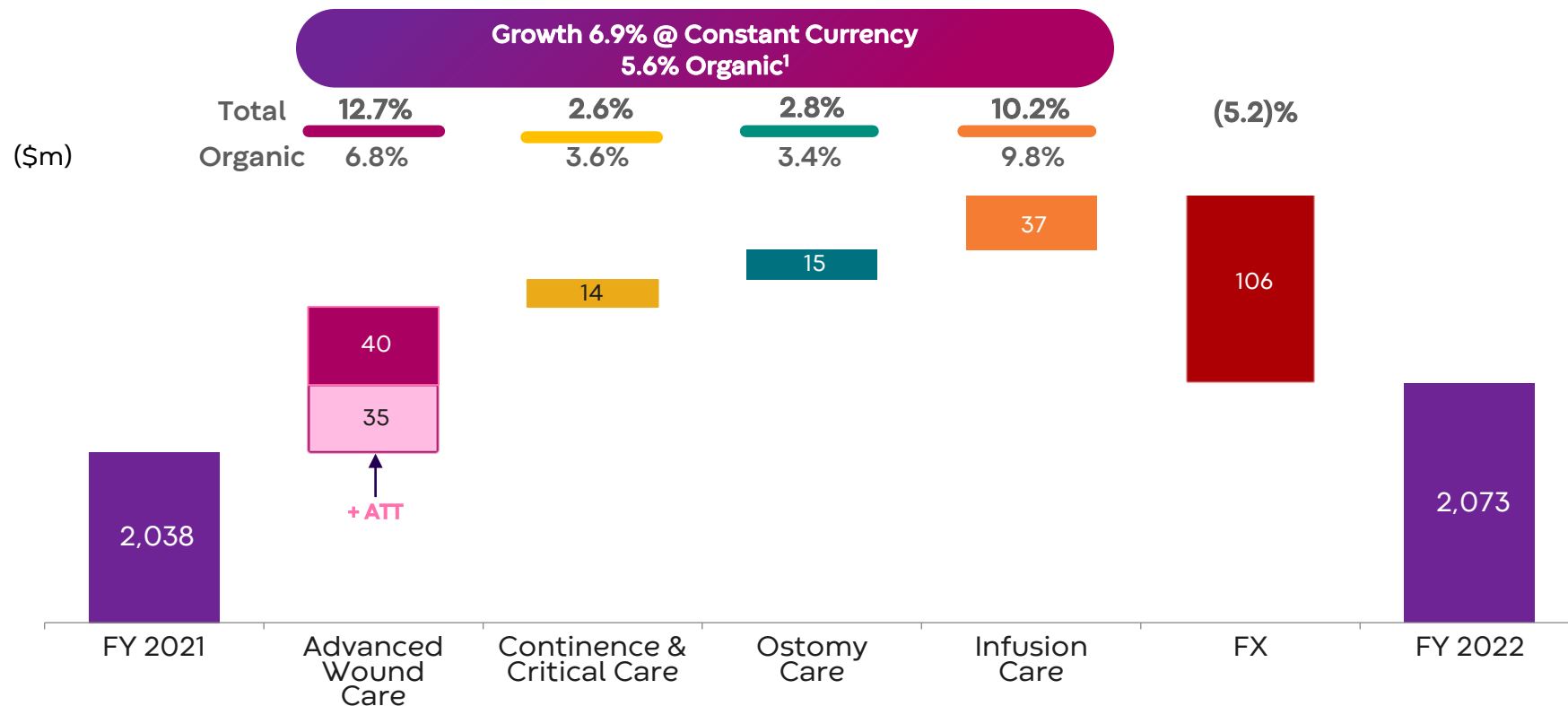
(FY 2021: \$464m)

Strong balance sheet

2.1x

Net Debt³/ Adj. EBITDA
(FY 2021: 1.9x)

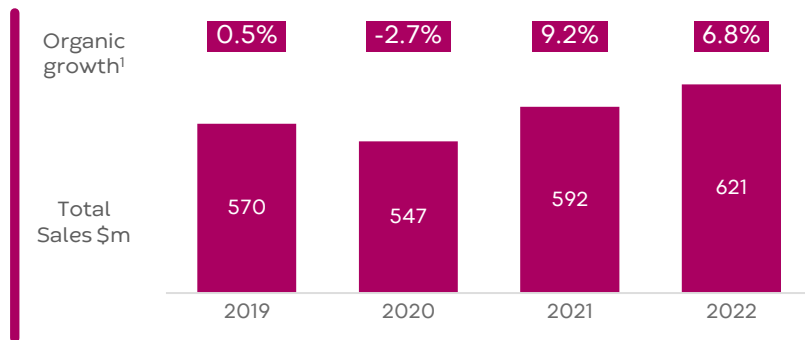
Good revenue growth, significant FX impact



AWC: Strong growth enhanced by Triad

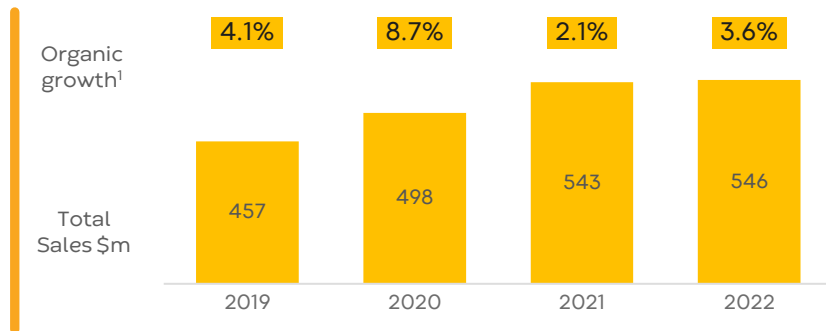
CCC: Good growth driven by US

Advanced Wound Care



- Strong growth in GEM and Europe more than offset North American performance (impacted by limited foam position)
- Entry into wound biologics segment² with acquisition of Triad (now ATT)

Continence & Critical Care

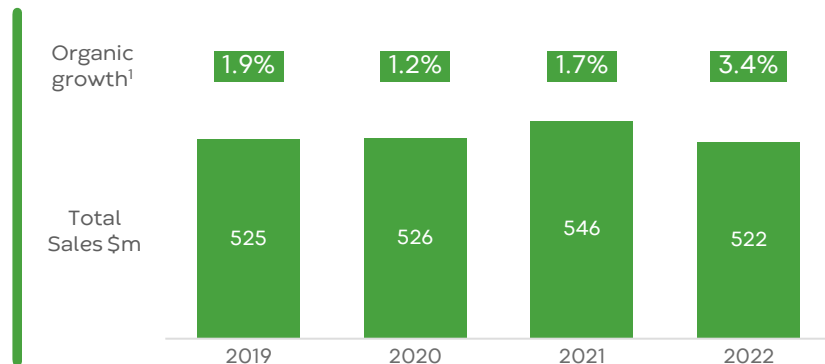


- Good growth with:
 - Continece Care up 5.0% organically, driven by strong new patient starts and high customer retention
 - Critical Care down 1.3% organically
- Exit of hospital care

OC: Improving growth and quality

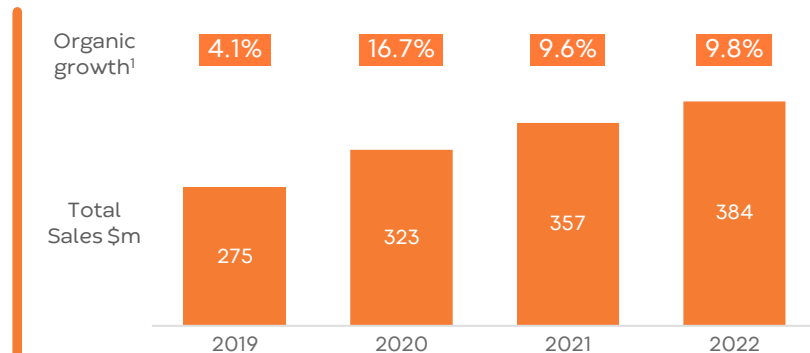
IC: Continued strong growth

Ostomy Care



- Strong growth in GEM and robust performance in Europe
- In North America, New Patient Starts stabilised supported by HSG
- Revenue from Convatec products up 5.5% on constant currency basis

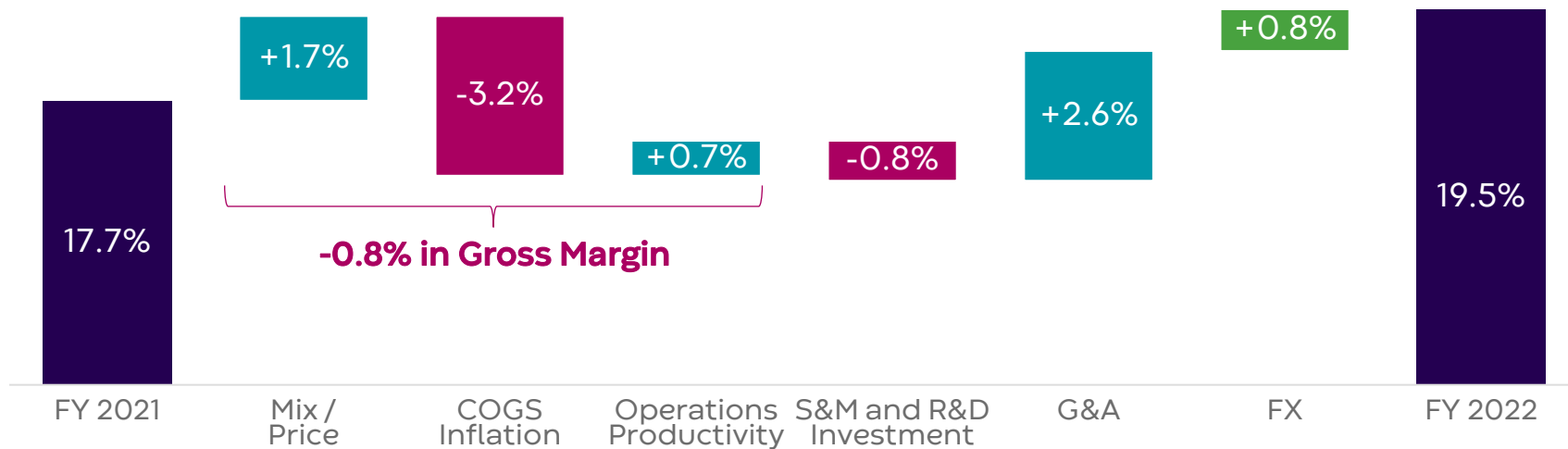
Infusion Care



- Continued strong growth supported by increasing adoption of automated insulin delivery, product innovation and mix
- Early progress in non-diabetes therapies, including Parkinson's and Pain Management off a small base

Operating margin expansion despite inflation headwinds & investment

Adjusted operating profit margin movement +180 bps



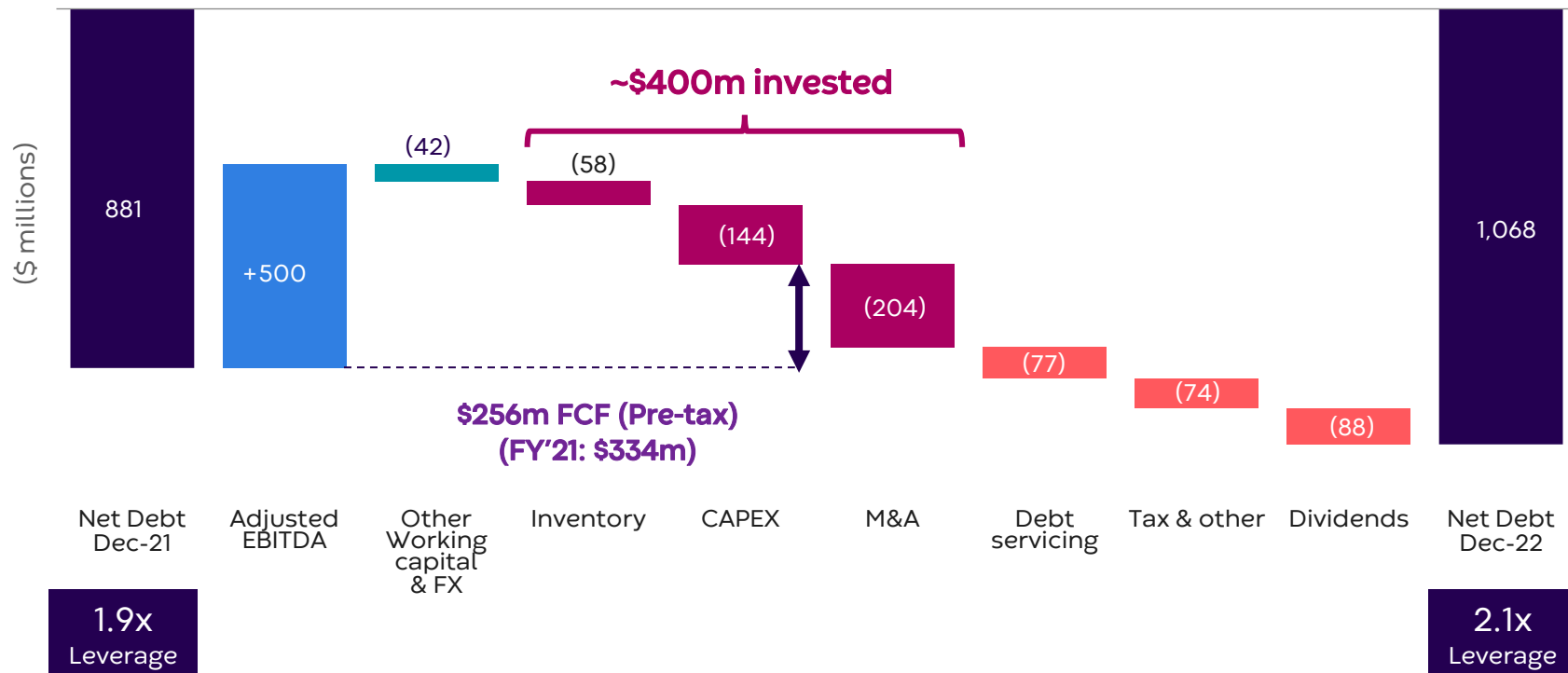
Double-digit growth in operating profit¹

EPS¹ impacted by non-cash tax expense

Adjusted (\$m)	2021	2022	% change	Commentary
Operating profit	362	404	+11.6%	
Finance expense	(44)	(52)		Higher base rates
Non-operating expense	(9)	(14)		FX-related movements
Profit Before Tax	309	338	+9.1%	
Income tax expense	(46)	(81)		Non-cash deferred tax expenses
<i>Effective Book Tax Rate</i>	<i>15.0%</i>	<i>23.9%</i>		<i>Increase in book rate (cash rate: 15.7%)</i>
Net profit	263	257	(2.4)%	
Diluted Earnings per Share	13.0 c	12.6c	(3.1)%	
Dividend per Share	5.871 c	6.047 c	3.0%	Increase reflecting strong underlying performance

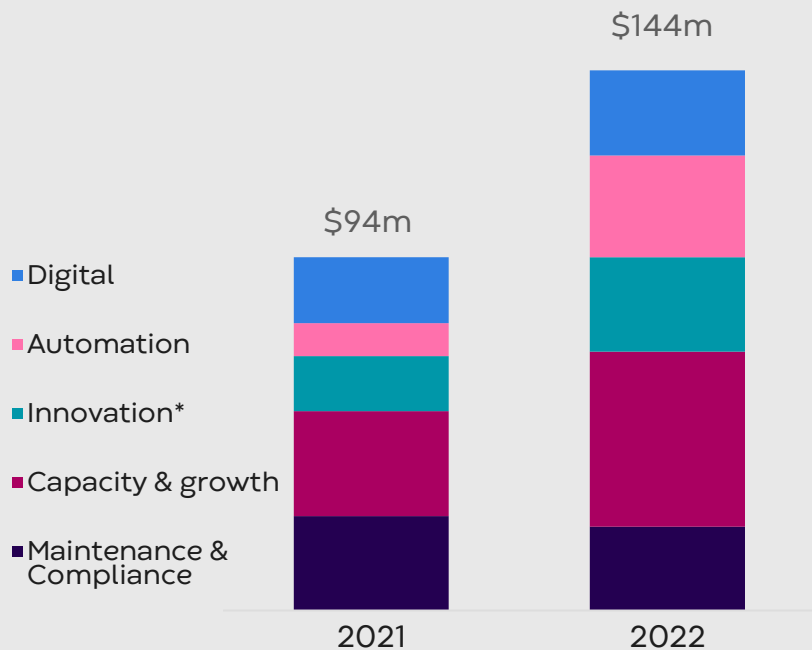
Strong cash generation

Investing for future growth



Investing to drive capacity, efficiency and resilience

Capex



Key projects

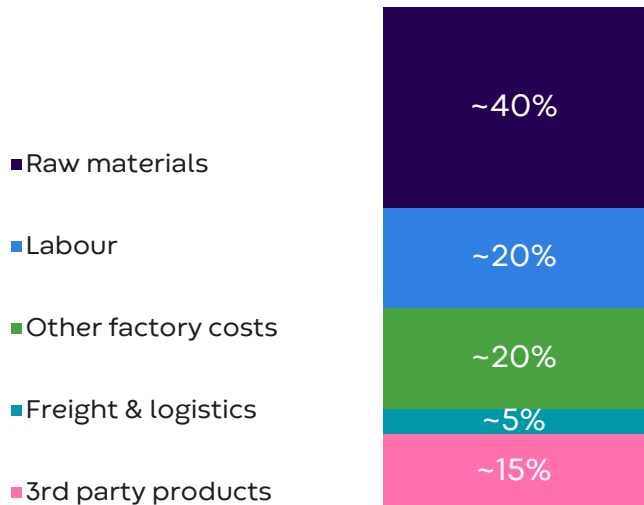
- Digital: omnichannel and CRM
- Automation: including Deeside woundcare facility
- Innovation: expanding product portfolio* & pipeline
- Capacity: Expansion for infusion care
- Maintenance: Constant at c.1% of sales

Capex over time



Ongoing inflationary headwinds in 2023

COGS breakdown



Opex

Labour

~60%

Current expectations

	2022	2023	
Packaging	↑	↑	
Chemicals	↑	↑	
Resins	↑	↓	
Labour (COGS)	→	→	
Utilities	↑	↑	
Freight	↑	↓	
3 rd party products	→	→	
	Historic	2022	2023
COGS inflation	1.5-2%	8.6%	5-7%
Labour (opex)	2-3%	3%+	5-7%

2023 Guidance

**Organic
revenue
growth**

4.5-6.0%

- Consistent with medium-term guidance

**Adjusted
operating
profit margin**

≥19.7% @CC

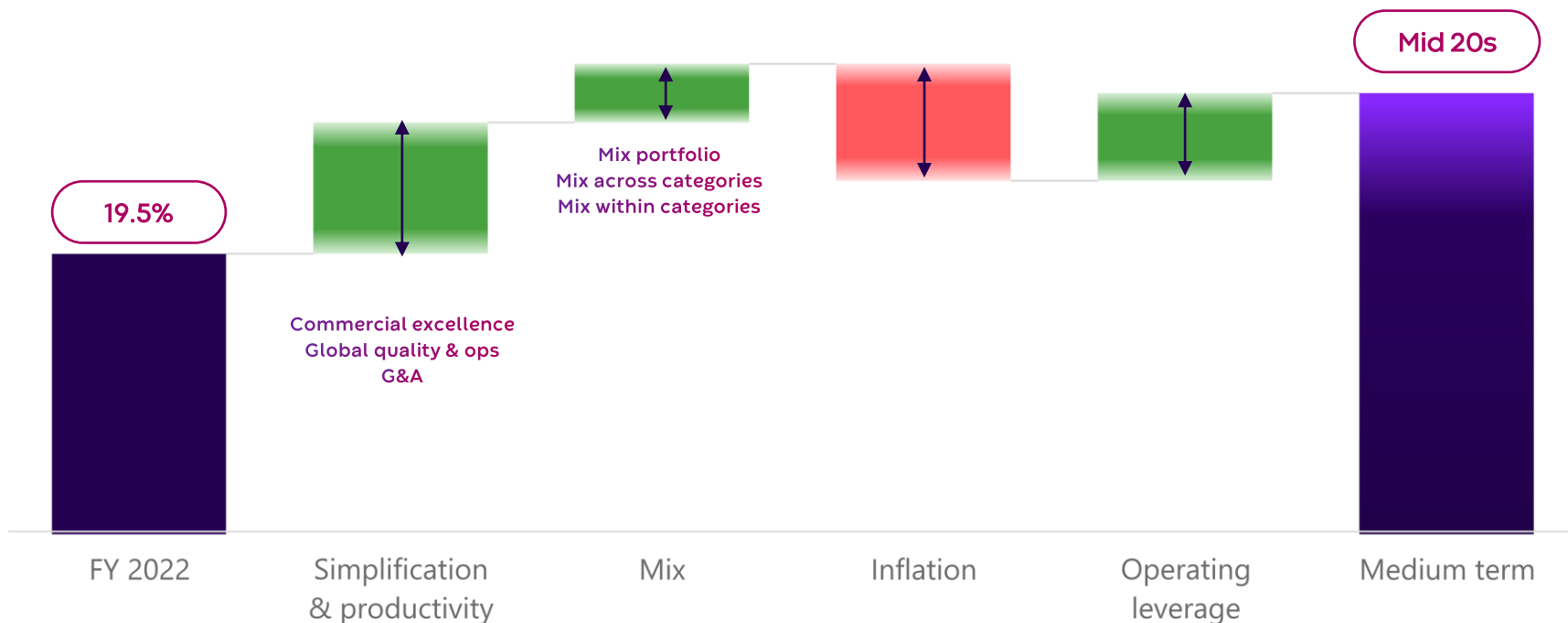
- Continuing high inflation offset by price, mix and productivity

**Investment for
the future**

**Capex: \$120–140m
Inventory: +\$20m
Leverage*: 2.0-2.2x**

- Sustained investment

Bridge to mid-20s operating profit margin¹



Strategic update

Pivoting to sustainable & profitable growth

Strong financial performance despite a challenging backdrop

Strengthened competitive position

On track to make further progress in 2023

Attractive medium-term prospects

Strengthened competitive position

More chronic focused

>90%
of revenue

+ Acquired Triad
- Exited Hospital Care

Increased innovation

Innova Matrix AC

Gentle Cath Air Male

MioAdvance EWIS

Launched three new products

Increased productivity

↓ **G&A to 8.9% of sales**

↑ **Commercial productivity by +13% calls per day¹**

Stronger capabilities

Refreshed brand

Forever caring

Pricing discipline

+130bps
Impact on revenue

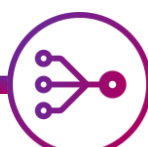
Embedding ESG



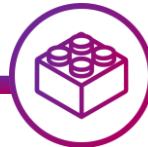
Focus



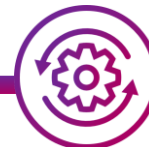
Innovate



Simplify



Build



Execute

AWC - a stronger business with future growth underpinned by new products

2022 progress



Sustained strong growth with Aquacel AG+ Extra globally

AQUACEL Ag+Extra



Entered attractive wound biologics¹ segment through Triad Life Sciences ('ATT')

InnovaMatrix® AC
Placental Extracellular Matrix



ConvaFoam cleared for launch in the US

ConvaFoam™

2023 priorities



Successfully launch ConvaFoam in the US and prepare for 2024 European launch



Grow the InnovaMatrix platform in the US and plan for launch outside the US

InnovaMatrix® PD
InnovaBurn™



Continue to develop ConvaVac while strengthening commercial execution



OC - improving how we serve our patients across the continuum of care

2022 progress



CTEC product growth
+5.5% driven by Global
Emerging Markets and
Europe



Stabilised new patient starts in
the US



Refreshed Esenta “essential”
accessories - growing double digit

ESENTA™

2023 priorities



Improve
consistency of
commercial
execution -
continuum of care

SFE¹

HSG



Prepare to launch Esteem
2.0 in H1 2024

ESTEEM™

CC - sustaining strong US growth while expanding in Europe and GEM

2022 progress



Increased new patient starts and sustained high customer retention



Grew portfolio - entered discreet segment by launching GentleCath Air for Men in France and the UK



Building commercial capabilities in Europe



2023 priorities



Continue to drive US growth via

- Exceptional service
- Broaden portfolio – GentleCath & Cure



Expand further in Europe and Global Emerging Markets



Successfully launch GC Air for Women



IC – continued strong growth for infusion sets for diabetes and other therapies

2022 progress



Sustained leadership in infusion sets, delivering >110 million sets to over 1 million patients



Capacity expansion in Denmark, increased resilience

100%
Capacity in Osted



Extended Wear Infusion Set (EWIS) launch in US



2023 priorities



Scaling up production of EWIS



Launch NeriaGuard as part of AbbVie's new Parkinson's sub-Q treatment post approval



Launch infusion set for Tandem Mobi hybrid post approval

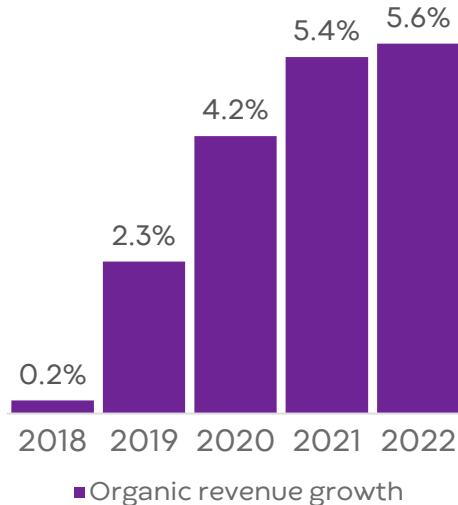


We are embedding our 'Convatec Cares' ESG framework

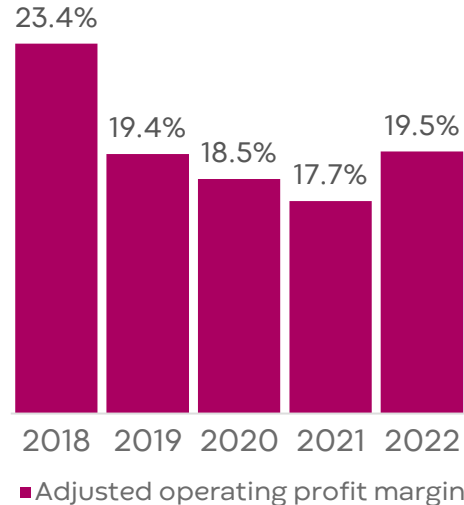


Convatec is pivoting to sustainable and profitable growth

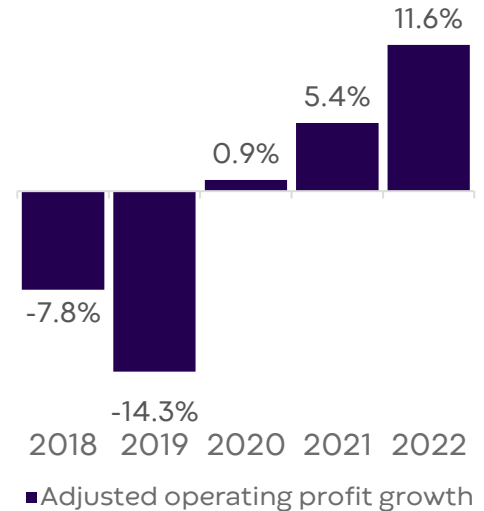
Attractive sustainable growth



Margin beginning to expand



Adjusted operating profit growth



Convatec will deliver double-digit earnings and Free Cash Flow CAGR over medium term



Summary and outlook



2022 – strong financial performance

- Good organic revenue growth & operating margin expansion
 - Double digit operating profit growth
-



2023 guidance

- Organic revenue growth of 4.5-6.0% consistent with medium-term target
 - Constant currency adjusted operating profit margin: $\geq 19.7\%$
-



Attractive prospects

- Strong competitive position in attractive chronic care markets
- Future growth underpinned by new product pipeline
- Double-digit EPS¹ and Free Cash Flow¹ CAGR over medium term

Appendix

We are making good progress on ESG



Customers (Social)

- **13%** reduction in complaints per million (CPM) in 2022
- **26%** vitality index score in 2022

Colleagues (Social; Governance)

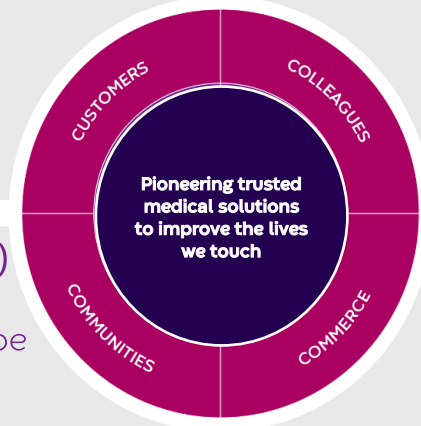
- **On track to achieve 40% women in our senior management** by end of 2024 (2022: 38%)
- **Sustained top quartile engagement** in Organisational Health Index

Communities (Environment; Social)

- **Science Based Targets:** submitting Scope 1, 2 and 3 SBTs for validation in 2023
- **32%** emissions reduction*
- **Launching charity partnership** with Partners In Health

Commerce (Governance)

- **Engaged all business units** and functional areas on ESG priorities, targets and commitments through our strategic planning process
- **Improved average EcoVadis score** of our suppliers by 6.5%



P&L – reported and adjusted

2022	Reported (\$m)	Adjusted (\$m)	Variance	Primary driver
Operating profit	207.3	403.7	196.4	<ul style="list-style-type: none"> • Amortisation of acquired intangibles • Acquisition and divestiture related costs
Finance expense	(67.7)	(52.1)	15.6	<ul style="list-style-type: none"> • Discount unwind related to Triad and Cure earn out
Non-operating expense	(57.7)	(14.0)	43.7	<ul style="list-style-type: none"> • Remeasurement of earn out related to Triad and Cure; impact of divestitures
Profit before income taxes	81.9	337.6	255.7	
Income tax expense	(19.0)	(80.8)	(61.8)	<ul style="list-style-type: none"> • Non-cash deferred tax expenses due to utilisation of US Federal tax losses
<i>ETR</i>	23.2%	23.9%	0.7%	
Net profit	62.9	256.8	193.9	<ul style="list-style-type: none"> • M&A and divestiture related costs, higher tax and finance costs
Diluted Earnings per Share	3.1 cents	12.6 cents	9.5 cents	

Impact of decision to exit hospital care and related sales

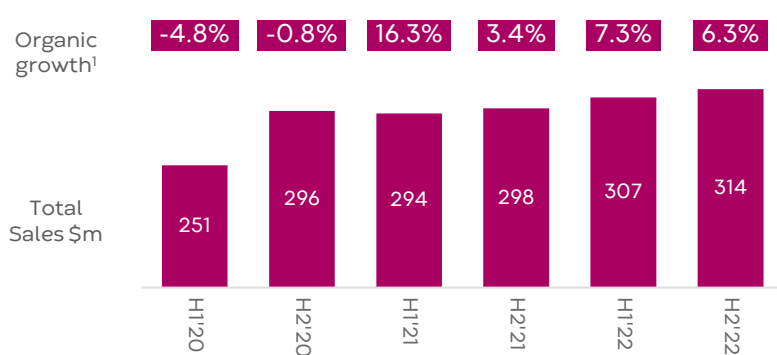
(\$m)	Reported 2022	Impact of exit of hospital care and related sales	Flexi-Seal Move*	Remaining Industrial sales move*
Advanced Wound Care	620.7	-	-	-
Ostomy Care	522.1	(4.9)	+65.8	-
Continence & Critical Care	546.3	(71.8)	(65.8)	+16.7
Infusion Care	383.4	(25.6)	-	(16.7)
Total	2,072.5	(102.3)	-	-

* The remaining Critical Care product Flexi-Seal™, which is a product for faecal management, will move to OC

** The remaining industrial sales, which are predominantly continence related supplies for B2B customers, will move into CC

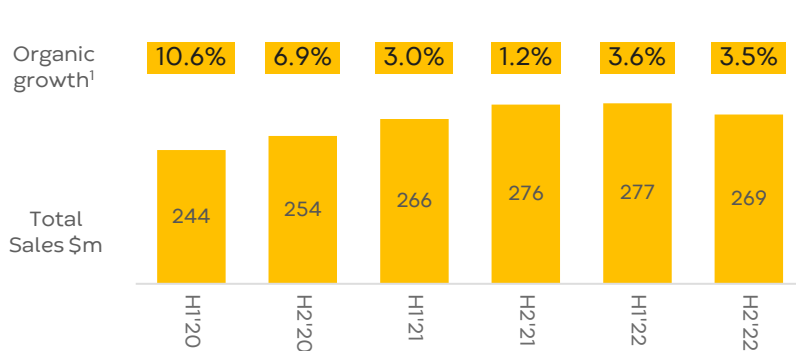
H1/H2 insight

Advanced Wound Care



- Significant FX headwind offset by ATT contribution and strong organic growth
- H1 - Very strong organic performance
- ATT contribution to reported revenue from mid-March

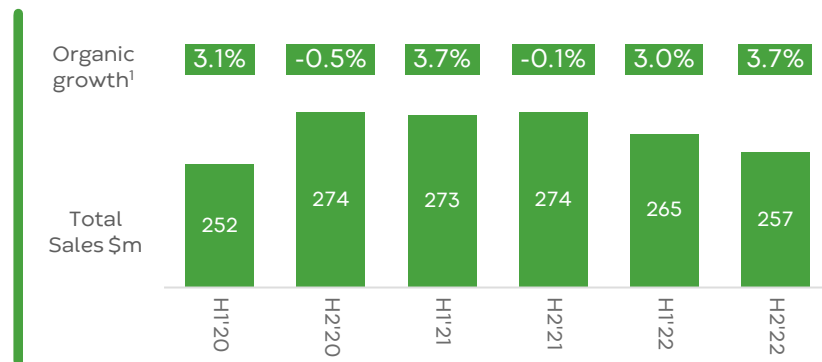
Continence & Critical Care



- H1 - organic growth inc hospital care to 31May
- H2 - organic growth exc hospital care
- FlexiSeal declined double digit against tough COVID-19 comparatives
- Reported revenue decline driven by hospital care exit

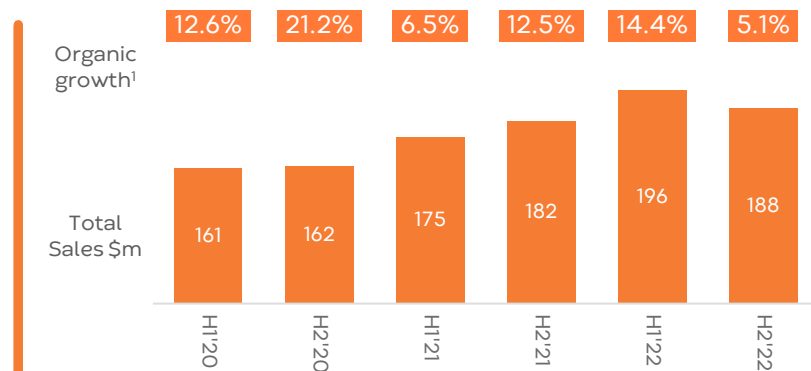
H1/H2 insight

Ostomy Care



- Significant FX headwind
- Minor impact from discontinuation of Russia activities associated with hospital care exit - largely in H2

Infusion Care



- H1 - exceptional organic revenue growth
- FY - overall organic revenue growth consistent with guidance