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Convatec AGM Trading update

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Introduction

Jonny Mason

CEO, Convatec Group

Good morning, everybody, and welcome to our AGM Trading Update Call. The headline is that we've made a good start to the year with results for the first four months in line with expectations. We're on track to deliver our 2026 guidance.

I'm going to hand over to our CFO, Fiona, to present those results. Then I'll make some brief comments on strategic progress afterwards, and we'll take any questions that you have.

Financial Results

Fiona Ryder

CFO, Convatec Group

Broad-based revenue growth

Thank you, Jonny, and good morning, everybody. For the first four months of the year, organic revenue growth of 4.8%, excluding InnovaMatrix, was broad-based across all four categories. InnovaMatrix represented about a 3% Group headwind and was less than 1% of Group revenue, in line with our guidance.

Group organic revenue growth, including InnovaMatrix, was 1.6%. US dollar depreciation year-on-year drove a material FX translation benefit with reported revenue growth of 5.5%. As we said at our full year '25 results in February, we expect growth to accelerate in the second half given customer order phasing and as product launches build.

We are well on track to deliver our guidance of 5% to 7% organic revenue growth, excluding InnovaMatrix for full year '26.

Looking at each category.

In Advanced Wound Care, organic growth, excluding InnovaMatrix, was mid-single digit. Growth was led by LATAM and APAC and included solid growth in Europe, representing a growth pickup compared with the second half 2025. North America was slightly versus a particularly strong growth comparative.

ConvaFoam continued to perform well and win share with further growth from our leading antimicrobial dressing Aquacel Ag Extra. We are on track to deliver mid-single-digit growth in 2026, underpinned by five wound product launches.

In Ostomy Care, organic growth was mid-single digit, led by Europe and LATAM. Our Home Services group continued to support new patient referrals in the US. Esteem Body, our one-piece soft convex product, continues to make excellent progress with positive customer feedback. We are growing share in all key markets. Our Ostomy guidance for 2026 is unchanged at mid-single-digit growth.

In Continence Care, organic growth was mid-single-digit. In North America, which represented over 90% of category sales, we saw further growth in patient volumes, driven by our excellent

customer service of 180 Medical, our market-leading service company. Outside the US, growth was again very strong off a small base. We continue to expect growth outside the US to contribute at least a point of growth to the category as it did last year. Our growth guidance for the full year is unchanged at mid-single digit.

And in Infusion Care, organic growth was mid-to high-single digits as we expected. We continue to see strong amount for our infusion sets in both diabetes and particularly non-diabetes treatments as we continue to diversify. Our guidance for the full year remains high-single-digit. We expect faster H2 growth given customer order phasing and as some new capacity comes on stream with significantly more coming on stream in 2027.

On track to deliver 2026 guidance

We are on track to deliver our 2026 financial targets. As I've just outlined, Group revenue growth and guidance for each category is unchanged. We continue to expect around \$20 million of InnovaMatrix revenue significantly weighted to the second half, in line with prior guidance, although market uncertainty is high. 2026 will be the low point in the market, and we will grow thereafter.

We continue to expect Group adjusted weighting profit margin of at least 23%, driven by further operations, commercial and G&A productivity. This includes around 40 basis points of full year '26 FX headwind, all of which occurs in the first half. It assumes no material deterioration in the macroeconomic environment. Given this, H1 adjusted operating margin in constant FX will be approximately flat on H1 '25 with simplification and productivity initiatives building through the second half, supporting margin expansion to at least 23%.

We expect to deliver another year of double-digit EPS growth with 100% equity cash conversion.

I'll now hand back to Jonny.

Strategic Update

Jonny Mason

CEO, Convatec Group

Operational and Strategic Progress

Thanks, Fiona. It's only six weeks since our Capital Markets Day, where we launched our Accelerate strategy, and the update today is entirely in line with what we said there. We continue to make good progress with our new product launches.

In Advanced Wound Care, ConvaFoam continues to be well received. Sales are building nicely. We have new capacity coming on stream, which sets us up to meet future demand for years to come.

With ConvaNiox, we are creating a new category with our groundbreaking nitric oxide technology. The initial market release is progressing well. We expect a buildup of sales to be slow, but we are as excited as ever about its long-term prospects.

With ConvaFiber and ConvaVac, initial market releases are underway and all of that contributes to arguably the strongest new product pipeline in the wound care market. These new products provide us with the platform to accelerate growth from 2027.

In Ostomy Care, Esteem Body is performing very well, gaining share in all of our major markets. Our updated faecal management system, Flexi-Seal Air, launches in 2026. And in 2027, we're looking forward to the launch of Natura Body, the two-piece soft convex.

The recent GPO contract wins demonstrate the improvements in commercial execution, which have been made by the team. Our guidance is to accelerate to mid-to high-single-digit growth in 2027, underpinned by these product launches and patient wins.

In Continence Care, our market-leading 180 Medical business continues to set the standard for US patient service and care. As expected, we have seen no material impact of the US capital code changes.

GentleCath Air for women, our female compact catheter, is gaining share and contributing to our growth globally. GC Air Pocket & Set and Cure Aqua are all on track to launch in the second half of this, and we are well-positioned to accelerate growth to our medium-term targets of mid to high single digits.

In Infusion Care, our growth is increasingly diversified. Non-diabetes again accounted for over 15% of revenues, and we're pleased to announce that we have signed our first patch pump supply agreement, enabling us to support a wider range of diabetes patients for whom patch pumps may be a preferred option alongside our leading infusion set solutions for durable pumps. This demonstrates the capability and versatility of our technology to work across the full range of pump solutions.

We see strong growth in Infusion Care sales for years to come, with double-digit revenue growth from 2027. And our CAPEX is adding significant capacity to meet this demand underpinned by long-term customer contracts.

Summary

So in summary, we've made a good start to the year, growth is broad-based and across all categories, in line with expectations, and we're on track to deliver our 2026 guidance.

New products are gaining share and our innovation pipeline is stronger than ever. This year, we are busy building capacity and launching products, and we're ready to accelerate and deliver innovative chronic care solutions to more people around the world. This will deliver sustainable 6% to 8% organic revenue growth with mid-20s operating margin and double-digit EPS growth from 2027.

Thanks very much, and we'd now be happy to take any questions that you have.

Q&A

Operator: We are now opening the floor for question and answer session. If you'd like to ask a question, please press star followed by one on your telephone keypad. That's star followed by one on your telephone keypad. Your first question comes from the line of Graham Doyle of UBS. Your line is now open.

Graham Doyle (UBS): Morning guys. Thanks for that. Can I just ask a couple of questions. Just firstly on the guidance for this year. So on the revenue side, I think you've talked about being at the lower end of the range in the first half. Just to check that fact does that still stand.

And then on the margin guidance from – for 2026, given this is – it feels like there's probably a slightly more H2 weighting to it. Could you just explain the confidence in terms of still reaching that 23%? That would be really helpful. Thank you.

Fiona Ryder: Thank you, Graham. So we are on track to deliver our full-year guidance of 5% to 7%, excluding InnovaMatrix for the full year. We have delivered 4.8%, excluding InnovaMatrix for the first four months. And so we will continue to build that revenue growth through the year. I think your assumption is reasonable for the first half.

For the margin growth, as I said, we would expect to be around flat to the first half 2025 on a constant currency basis for the first half. And we are confident in delivering our full year guidance as our productivity and simplification initiatives build through the year and as our new products continue to launch through the year. So on track for our full year guidance.

Graham Doyle: Okay. Thank you. And maybe just a quick follow-up on '27 or sort of mid-term guide you've reiterated today. Just given the inflationary backdrop, you're hedged for this year, but if we were to take something like recent spot prices, would it still be feasible to assume you can deliver what you've outlined for '27 as well?

Fiona Ryder: Yeah. Thanks, Graham. And let me remind you what I laid out at the Capital Markets Day. So as you say, we are hedged for this year. We have both raw material and inventory stock. And therefore, every, let's say, 1% increase in inflation this year, we'll have immaterial impact to 2026.

For 2027, for every 1% increase in inflation over that which we had assumed and we have planned for around 3%, that would result in a \$7 million to \$8 million impact. So let's say if spot rates continue through 2027, that could mean a doubling of that inflation. And if that were the case, that would be an impact of between \$20 million to \$30 million in 2027.

We do not believe that, that would knock us off track. We would control what we can control, and we would continue to deliver the simplification and productivity initiatives, which we have a strong track record of delivering. And we would, if necessary, accelerate some of those in order to maintain our guidance for 2027.

Now if it deteriorated significantly beyond that, it may delay that progress. But at the moment, we are on track for 2027.

Graham Doyle: Awesome. Thanks a lot guys.

Operator: Your next question comes from the line of Hassan Al-Wakeel of Barclays. Your line is now open.

Hassan Al-Wakeel (Barclays): Good morning, and thank you for taking my questions. A couple, please. So firstly, on patch. Great to see the supply agreement you've announced. When do you expect volumes to ramp? And how significant an opportunity do you think this is? And would it be significant enough to change the diabetes and non-diabetes mix that you've talked about in a material way over the medium term?

And then secondly, it'd be great if you can talk through what you're seeing in the European wound business given some competitor commentary on reimbursement pressure and whether there's anything incremental to your mind on the ground? Thank you.

Jonny Mason: Hi, Hassan. Look, the patch agreement is great news. It reinforces what we've said for a while, which is that our technology can service all different forms of pumps in the market, both diabetes and in other therapies as well.

This is another piece of the puzzle. It's a further diversification of customer and product, which we've been pursuing for a while. It's not going to add volumes materially for some time because it isn't yet in the market. And you shouldn't think about it as changing the guidance we've already given, which is for Infusion Care to be a double-digit growth business from 2027 onwards. This is another piece of that strategy which underpins the delivery of that level.

And then on European wound, we are continuing to launch the new products in line with plan that they're continuing to grow share from a small base. And we aren't calling out anything in particular about European wound. It's continuing to add to our mid-single-digit growth for the category as we expected it to.

Operator: Your next question comes from the line of Kane Slutzkin of Deutsche Bank. Your line is now open.

Kane Slutzkin (Deutsche Bank): Morning, guys. Just – Fiona, just a follow-up on the sort of inflation piece. To what extent have you actually pulled on that five months of raw mats that you have with inventory? I assume you want to work your way through all of it. And are we sort of – are you seeing any sort of supply chain disruptions or any material increases to logistics costs? We did have one of your peers saying that they don't think the levels of '22, '23 would repeat this time around. Do you sort of share that view?

Fiona Ryder: Thanks, Kane. So to your first point, we are comfortable with our inventory levels. We are managing well through 2026. We have seen some increases in logistics, but really fairly immaterial when we look at our cost base.

And then your second part of the question about '22, '23. No, this – the situation that we're in at the moment does not reflect or feel like the situation that we were in, in 2022 or 2023 at all, actually. But I remind you that even with the inflationary spikes that we did experience in 2022 and 2023, we continue to grow our margin.

Kane Slutzkin: Okay. Thanks. And could I just ask on – just on the share buyback programme that we saw – I mean, I did have a few sort of clients sort of asking is there another one coming. Just wondering your thoughts on the potential to extend the buyback given where shares are currently sitting? Is it something you would perhaps consider at the half?

Fiona Ryder: Well, we have a very clear capital allocation strategy, and we're targeting 2 times leverage at the end of the year. As we've laid out before, if we don't have any material M&A concluding this year, we may return excess capital to our shareholders, but the share price would not drive that decision.

Kane Slutzkin: Okay. Thanks. And sorry, last one, I'll just sneak in. Just any update on the CBP or anything on Section 232, anything there we should be aware of?

Jonny Mason: Still on track preparations as we said previously. Hasn't been any new news out of CMS. So we are looking forward to reading framework guidance this summer. But nothing's really changed, Kane. We still believe we're in a strong position. We still believe that the number of distributors in the US, if this goes ahead in our categories, will shrink dramatically from thousands down to fewer than 20. So as the biggest and one of the few who can fulfill national contracts, this will hold.

Kane Slutzkin: Okay, thank you.

Fiona Ryder: And with regards to Section 232, Kane, there is an update coming at the end of the month, but we expect the Nairobi Protocol to hold.

Kane Slutzkin: Thank you, guys. Thank you.

Operator: Your next question comes from the line of Seb Jantet of Panmure Liberum. Your line is now open.

Seb Jantet (Panmure Liberum): Thank you for taking my question. I've only got one left, actually. I just wanted to pick up on the IC business and comments, but in Tandem and its last kind of update about supply issues in terms of infusion sets. I'm just wondering if you could help us kind of understand to what extent that's kind of been a drag on your kind of revenue growth in IC in the kind of first four months of the year.

And I guess following on from that, whether there's any update on the FDA kind of a warning letter at the kind of infusion care plan?

Jonny Mason: Yes, sure. Thanks, Seb. Look, Tandem, I think the short answer is it hasn't been a material drag on revenue. We're disappointed to not have been able to keep up with the strong demand growing for certain of our infusion sets. But we are working closely with Tandem to substitute from our own range, those which are temporarily in short supply. And we are expecting new capacity to start coming on stream from summer and to continue building through 2027. So it's unfortunate, but it hasn't had a material impact on revenue.

The second half weighting of revenue growth in Infusion Care is something that we were expecting right from the beginning of the year, and that's down to customer order phasing as it has been in previous years.

As regards to the warning letter, we're working very hard on that. We have very close dialogue with the FDA and with our customers to remediate the management of complaints, the processes and procedures that are related to those.

In fact, I was talking to the FDA just this week on that and it's going well. We want to remind you that, of course, the warning letter didn't relate to patient safety or product efficiency. So it's important we fix it. We're working hard on it. We will fix it, and we're on track.

Seb Jantet: Thanks.

Operator: Your next question comes from the line of Christian Glennie of Stifel. Your line is now open.

Christian Glennie (Stifel): Morning. Thanks for taking the question. Maybe a couple more around the pump – patch pump deal as much as you can say around the status of that asset? Is it something that's already on the market? If not, when it might reach the market? Does it

have any implications in terms of the investments and capacity that you've already planned? Or was that part of your current plans around that?

And then maybe on – is there anything you can say around the margin profile of supporting a patch pump versus your tubed infusion sets? Thanks.

Jonny Mason: Look, it's early days. The product is not in the market yet. We anticipate it to be in the next year or so. But that's not for us to comment on. We're delighted that we've been chosen by the customer to support them in this important development.

But as I answered to a previous question, it's not material in itself to change any of the guidance that we've already shared. It's another piece that underpins our strong double-digit growth in Infusion Care for the years to come.

The CAPEX is incorporated within the guidance we've already given. It won't lead to an increase in CAPEX beyond what's already being shared. And the margin, we don't comment on margin by individual product, but it's in line with the portfolio of other products that we have.

Christian Glennie: Thanks. And can I ask a quick follow-up on InnovaMatrix, just checking in on the DFU and VLU trials in terms of the status of those and potential data from those trials?

Jonny Mason: We're still on track to publish results from the trials in 2026. So in – within this year. I think as Fiona said in her presentation, the market at the moment is very uncertain with InnovaMatrix. We were expecting there to be quite some transition in the market from how reimbursement used to work to the new price levels. And that is ongoing. It's shaking out. Very little revenue is being generated on DFU and VLU at the moment by anybody, and we're expecting that to pick up later in the year. But as Fiona said, it's highly uncertain at the moment.

Christian Glennie: Okay. Thank you.

Operator: Your next question comes from the line of Julien Dormois of Jefferies. Your line is now open.

Julien Dormois (Jefferies): Yes. Hi. Good morning, Jonny. Good morning, Fiona. Thanks for taking my questions. I have two. The first one, and sorry for coming back again on this. But related to the margin phasing for this year, if I – if my math are right what you indicated in terms of the flat margin in H1 and the majority of the FX headwind for the first half. That would probably mean that you have an H1 reported margin around 20.5%. So if your guidance still holds for 23%, that would be around 25.5% for the back half. That's a pretty steep ramp H2 versus H1. So would be just super helpful to have sort of a very general bridge on how you plan to get there between higher growth, productivity, FX. So that would be really helpful.

And the second question relates more to – a more holistic question on Wound Care. You obviously are in the middle of an unprecedented launch wave for new products in this category. So just curious how you are, let's say, prioritising resource between ConvaNiox, ConvaFiber, ConvaVac and so on. So just curious how you are handling that internally? Many thanks.

Fiona Ryder: Okay. Thank you, Julien. I'll take the first question. So as I have said, our FX headwind at the operating margin level is concentrated in the first half. And so we are indicating that our first half margin will be flat on a constant currency basis versus first half last year.

As normal, our margin will continue to build as we progress through the year. It will ramp through the year so that – and it will be supported by the delivery of our simplification and productivity initiatives, which are H2 weighted. As you know, we have significantly expanded margin over recent years strongly supported by our productivity initiatives, and they continue.

And then Jonny, are you going to pick up Wound?

Jonny Mason: Yes, we're launching five new products at the moment in Wound Care, which is unprecedented in our business. But we have been planning for it for years. At the moment, three of those are in limited market release, which is relatively light in terms of commercial resources, focus on the technology and the operations resources at the moment.

And then as sales build, the commercial resources will take more of the strain. But as I say, we've been planning for it for ages. It's all going to plan as expected. No surprises there.

Julien Dormois: Great. Thank you very much, both.

Operator: Your next question comes from the line of Veronika Dubajova of Citi. Your line is now open.

Veronika Dubajova (Citi): Hi. Good morning. Thank you for guys for taking my questions. I'm going to keep it to two as well. And I'm going to – apologies, to go back to the margins again. I just really want to understand, I think if I look at the last five years, I think the spread between the first half and the second half normally from a profitability perspective, has been about 200 basis points. I think the guidance is implying 500. Just help me understand, I'm having a really hard time bridging that gap from H1 to H2. So maybe is it gross margin that you'd expect to meaningfully improve in the back half, or is it OPEX comes down? If you can just give us a little bit more, because it's quite hard to see if I just look at the history of the margin progression of how you get to that 25% plus profitability in the back half of the year.

And then my second question is on InnovaMatrix. If I do the math correctly, and it's possible I've not done it correctly, but that's just what I want to check. I think the 3.2% headwind to top line growth would imply that your run rate in the first half of the year, probably for InnovaMatrix, is somewhere in the very low single-digit million. I think you did \$39 million last year in H1, the 3.2% would be about \$37 million. I just want to make sure that, that's indeed what you're seeing and that you are still comfortable with this assumption of the \$20 million because that would – you'd need to see some very substantial ramp there in the back half on that as well. Thanks so much.

Jonny Mason: Hi, Veronika. Look, let me take the InnovaMatrix one first. You're right. In the first half, it's low-single-digit million sales. That's what we expected. That's what we initially built into our expectation of \$20 million. So it's on track.

Those expectations were built on the expectation that the market would be developing as the year goes by, that some of the higher cost players would be giving up on legal challenges and would be exiting the market. The practitioners would be getting back into the rhythm of prescribing these treatments with a new set of suppliers and that the sales would build through the year. So that was our premise.

And as I say, we're on track at the moment with the plan. But it is unusually uncertain, I think we have to admit. A lot has to happen for us to get to that \$20 million. Will it happen in time? It might. But equally, it might not. So the \$20 million, we've described that as our best

estimate for the time being. It might be more, it might be less. Let's see how quickly the market evolves.

I think the important thing to retain is that this now is a very small part of our business. And whatever happens with InnovaMatrix, we're on track to deliver 5% to 7% growth for everything else. The 23% operating margin all-in, including everything, and also double-digit EPS growth all-in, including everything.

Fiona Ryder: And then, Veronika, thank you for your question about margins. So I mean, I'm not going to go into all of the details of the margin building blocks for the remainder of the year. But we – as I said, on a constant currency basis, we will be around flat year-on-year for the first half. Our revenue continues to build through the second half and will contribute to the margin expansions, as will our simplification and productivity initiatives, which will support further margin expansion as we manage our OPEX.

So we are on track to deliver at least 23% margin for the full year. And we can give more detail at the half year.

Veronika Dubajova: Okay. Thanks, guys.

Operator: Your next question comes from the line of Susannah Ludwig of Bernstein. Your line is now open.

Susannah Ludwig (Bernstein): Thanks. Good morning, and thanks for taking my questions. I have a couple. I guess, starting with Infusion Care. Would you be able to provide relative growth rates over the first four months for your diabetes versus non-diabetes business? And then could you expand on your confidence in the H2 acceleration? I guess, to what degree is it orders and to what degree does capacity play a role?

And then maybe just in terms of your double-digit guidance from 2027, how much is capacity playing a role there versus how much is it driven by the demand side and your order pipeline?

And then just finally on InnovaMatrix. Obviously, there's been sort of a lot of disruption. You've talked to the uncertainty in 2026. Could you talk a little to your more long-term outlook for that business?

Jonny Mason: Sure. Thanks, Susannah. I'll take those. On Infusion Care, four months, the pattern is similar to what it's been for the last few years that the other therapies are growing high – well in the double digits, much stronger than diabetes.

Diabetes itself is a high-single-digit growth business for the year. It was a bit softer in the first four months because of the customer order phase as we described. But for the full year, diabetes will be in the high single digits. And the other therapies are growing a bit faster.

Orders versus capacity. It's orders that's driving the faster growth in the second half and then also the double-digit growth from 2027. Capacity has to keep up though. And that's why we've increased our CAPEX to keep up with this growing demand. The new CAPEX is starting to come on from summer this year and will be sufficient to support the faster growth in the second half. And then obviously, with double-digit growth each year, more capacity will be coming on stream in 2027 and 2028.

And then you asked about InnovaMatrix again. Look, we see 2026 as being the trough year. This – as I've just described, there's a lot going on in the market right now. It's shaking out.

It's starting anyway to shake out. For us, it will be 1% of revenue this year, less than that. So it becomes less of a swing factor. It becomes one of many products contributing to our growth going forward. We do think it will grow in 2027 because the demand is out there and our technology works.

So when CMS gets through its transition to squeeze out the bad actors from this segment and to get the costs under control, we believe that the skin substitute segment will start to grow as the other segments in Wound Care do. So it will – we're not expecting a return to the spectacular levels it used to be, but steady and strong growth from 2026 onwards is what we'd expect.

Susannah Ludwig: Great. Thanks so much.

Operator: Your next question comes from the line of David Adlington of JP Morgan. Your line is now open.

David Adlington (JP Morgan): Morning, guys. Most have been answered already. But maybe just coming back to innovators or rather skin substitutes. Can you remind us how much of sales historically have been in DFUs and VLUs? What are those patients now being treated with instead?

Jonny Mason: Historically, DFU and VLU has been the big majority, more than three quarters of sales in that area. But last year, we started to look at diversification. We started to grow our business in dermatology, in Mohs surgery, in other channels. And in the first four months of this year, those have been a much bigger proportion of the business because the DFU and VLU has shrunk right down. So in the first four months of this year, it was less than half. It's much smaller this year than it has been historically, if that answers your question.

David Adlington: Yeah. So the question was, are you seeing any tailwinds in the rest of your business from [inaudible] products?

Jonny Mason: I'm sorry, I didn't quite catch that question. Did anyone catch that? Sorry, David, would you mind repeating that? I didn't quite get it.

David Adlington: So I mean, the amount of [inaudible]. Just in terms of have you seen any tailwinds to the rest of your Wound Care business as patients have switched away from InnovaMatrix to eventually other treatments?

Jonny Mason: I see. Tailwinds to other bits of the business. Not that we've seen or not that we'd expect. When ConvaNiox starts to get more traction, it has strong efficacy against infected diabetic foot ulcers. We're seeing that through trials at the moment. So certainly ConvaNiox might, in the future, start to pick up some of that segment. But no, unfortunately, at the moment, what we fear is that some patients who would genuinely benefit from access to this skin substitutes treatment aren't getting it. And that's why we think when the market transition plays through, we'll see demand start to grow again.

David Adlington: Thank you.

Operator: Thank you. I'd now like to hand the call back over to Jonny for closing remarks.

Jonny Mason: Well, listen, thanks very much, everybody, for your attention today. We're very pleased just to summarise that we've got off to a good start for 2026. Obviously, it's challenging circumstances in the world right now, but this is a resilient business. The growth is broad-

based, as we've mentioned, across lots of different products, categories, geographies. We're growing through it.

And most importantly, our new product pipeline is working in the market gaining share. So very happy with how we're getting on. We look forward to updating you again at the half year. Thanks very much.

Operator: Thank you for attending today's call. You may now disconnect.

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