

2020 Annual Results & Strategic Update

5 March 2021



Disclaimer

For the purposes of this notice, “Presentation” means this document, its contents or any part of it, any oral presentation, any question or answer session and any written or oral material discussed or distributed before, during or after the Presentation meeting. This information, which does not purport to be comprehensive, has not been verified by or on behalf of the Group. References to ConvaTec or the Company are to ConvaTec Group Plc and references to ConvaTec Group or the Group are to ConvaTec Group Plc and its subsidiaries.

This Presentation does not constitute an offer or invitation for the sale or purchase of securities or any businesses or assets described in it, nor should any recipients construe the Presentation as legal, tax, regulatory, or financial or accounting advice and are urged to consult with their own advisers in relation to such matters. Nothing herein shall be taken as constituting investment advice and this Presentation should not be construed as a prospectus or offering document and investors should not subscribe for or purchase any securities on the basis of this Presentation and it is not intended to provide, and must not be taken as, the basis of any decision and should not be considered as a recommendation to acquire any securities of the Group. The recipient must make its own independent assessment and such investigations as it deems necessary.

This Presentation includes statements that are, or may be deemed to be, “forward looking statements”. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group’s control. “Forward-looking statements” are sometimes identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “aims” “anticipates”, “expects”, “intends”, “plans”, “predicts”, “may”, “will”, “could”, “shall”, “risk”, “targets”, forecasts”, “should”, “guidance”, “continues”, “assumes” or “positioned” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. As such, no assurance can be given that such future results, including guidance provided by the Group, will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. For details of the principal risks and uncertainties facing ConvaTec Group please see the full year results statement dated 5 March 2021. Forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements set out in this Presentation. Past performance of the Group cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this Presentation and the Company and its directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this Presentation.

To the extent available, the industry and market data contained in this Presentation has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. In addition, certain of the industry and market data contained in this Presentation come from the Company’s own internal research and estimates based on the knowledge and experience of the Company’s management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry or market data contained in this Presentation.

The Presentation contains non-IFRS financial information which ConvaTec’s management believes is valuable in understanding the performance of the ConvaTec Group. However, non-IFRS information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies. Although these measures are important in the assessment and management of ConvaTec Group’s business, they should not be viewed in isolation or as a replacement for, but rather as complementary to, the comparable IFRS measures. The non-IFRS measures are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS in the Financial Review in the full year results statement dated 5 March 2021.

Hosts and agenda



Karim Bitar
Chief Executive Officer

**Introduction &
Strategic update**



Frank Schulkes
Chief Financial Officer

Financial review

Financial review

Frank Schulkes,
Chief Financial Officer

Robust financial performance during a year of continued investment

Revenue

+4.0¹%

Revenue increased
to \$1,894m
(2019: \$1,827m)

Adjusted operating profit

\$350m

0.9%¹ growth in EBIT,
18.5% margin
(2019: \$354m with 19.4% margin)

Diluted adjusted EPS

+2.6%

Diluted adjusted
EPS 12.0 cents
(2019: 11.7 cents)

Total DPS

5.7² cents

Maintained year on year
(2019: 5.7 cents)

Adjusted FCF³

\$347m

Adjusted cash
conversion⁴ 90%
(2019: \$397m, 98%)

Leverage

2.0x

Net Debt /
Adjusted EBITDA
(2019: 2.5x)

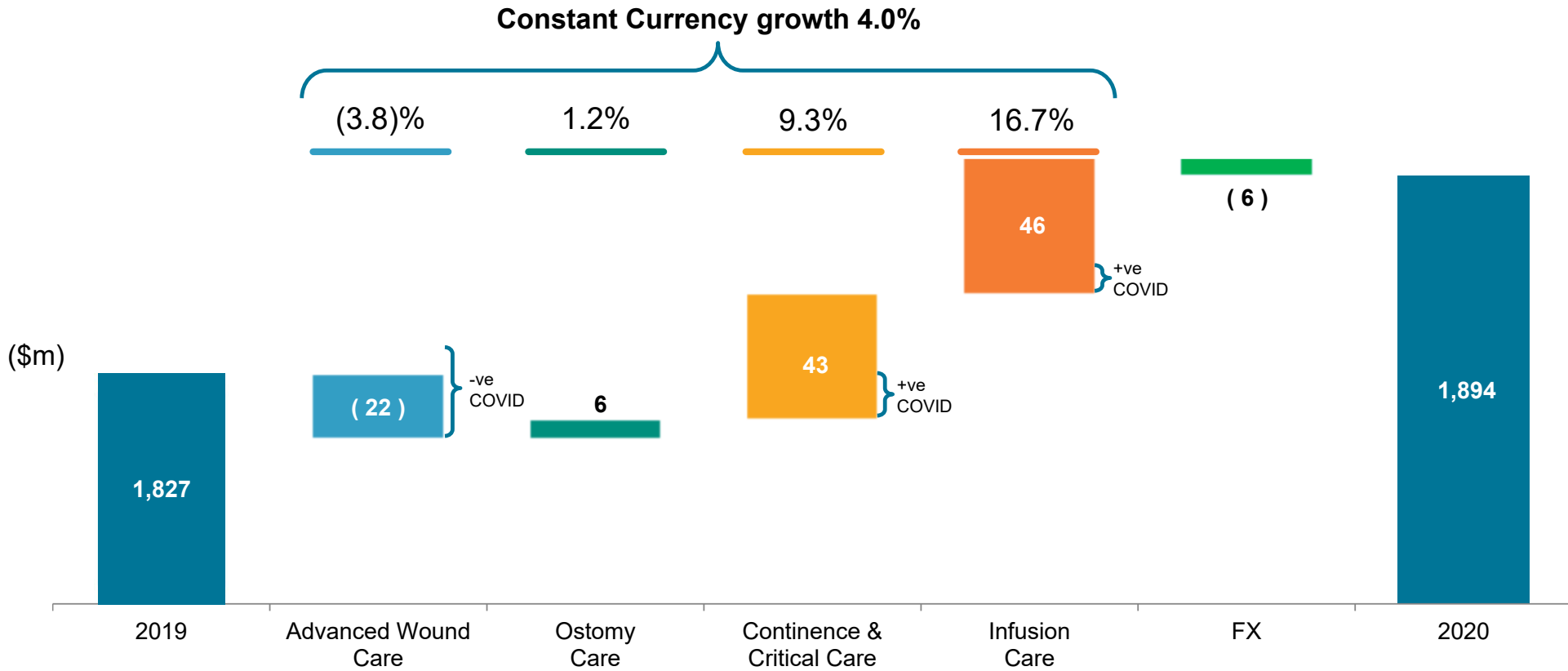
1 Constant currency growth

2 Slightly ahead of dividend policy, 35-45% of adjusted net profit

3 Adjusted FCF is Adjusted cash generated from operations, net of PP&E and tax paid

4 Calculated as Adjusted cash generated from operations, net of PP&E dividend by Adjusted EBITDA

Attractive diversified portfolio – COVID impact broadly neutral

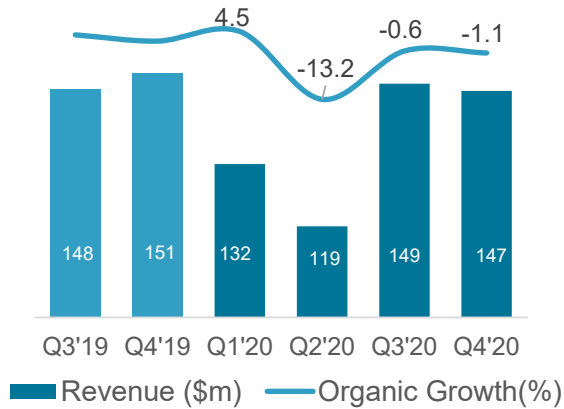


- Overall COVID broadly neutral
- Reported revenue grew 3.7% or 4.2% organically
- Acquisition contributed \$2.7m to Continence whilst skincare disposal resulted in c\$6.2m less revenue

AWC negatively & CCC positively impacted by COVID

Advanced Wound Care

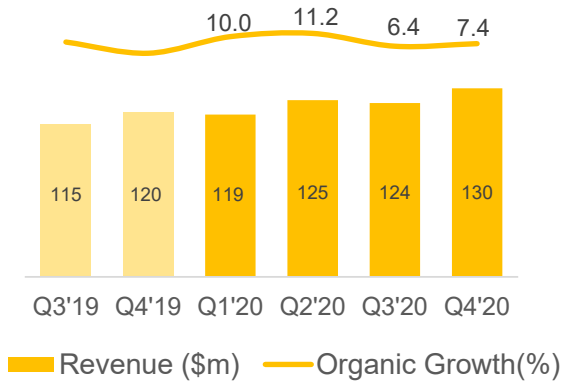
FY 20¹ (2.7)%
FY 20 CC (3.8)%



- Reduced elective surgeries & restricted access
- Good growth in LATAM and certain EU countries
- AQUACEL™ Ag+Extra grew and successful ConvaMax™ launch

Contenance & Critical Care

FY 20¹ 8.7%
FY 20 CC 9.3%



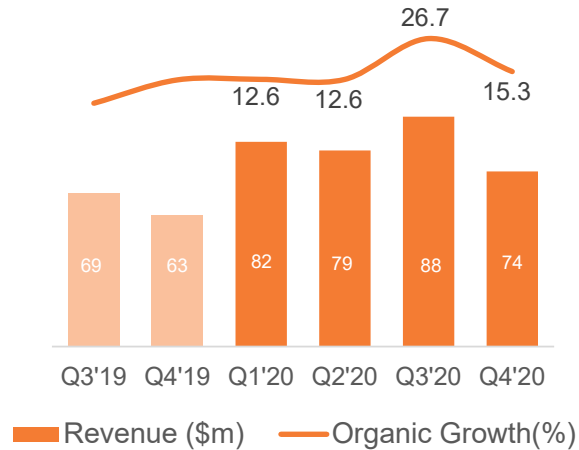
- CritCare up 17% driven by ICU product demand
- Contenance up 6% driven by HSG
- GentleCath™ Glide growing strongly

¹ Organic growth is growth at constant exchange rates excluding M&A activities

IC delivering significant growth and OC limited growth

Infusion Care

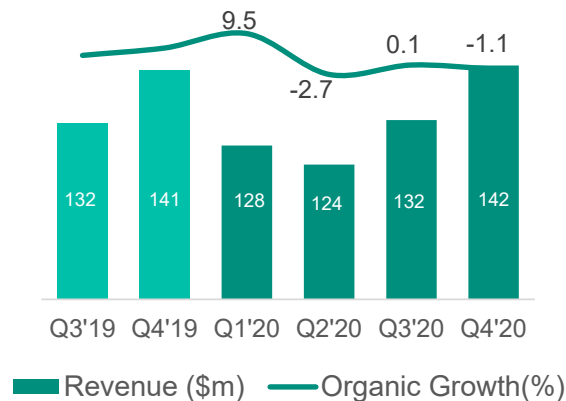
FY 20¹ 16.7%
FY 20 CC 16.7%



- Leading position combined with growth in “smart glycaemic control” segment
- Some COVID-driven stocking activity with Q4 stronger than expected
- Growth in differentiated Neria™ Guard platform

Ostomy Care

FY 20¹ 1.2%
FY 20 CC 1.2%

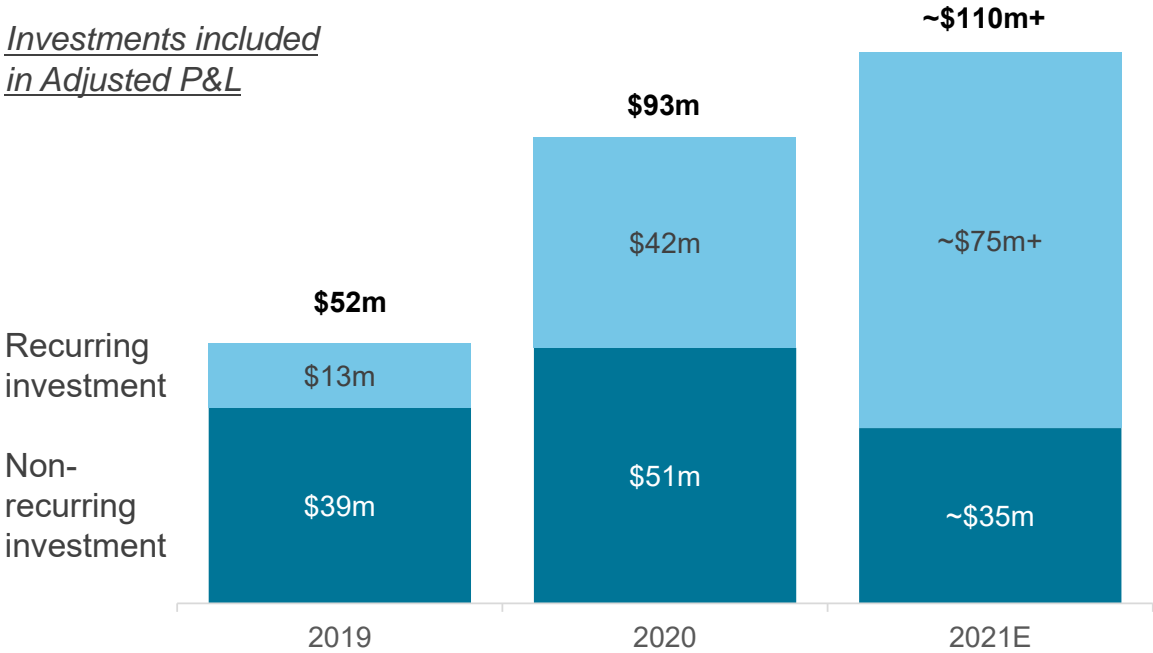


- Good growth in Latin America & China partially offset by continued challenges in US and some EU markets
- Strategic rationalisation c.90bps impact during 2020
- COVID impact in Q1 unwound during remainder of the year

Continuing to invest in strategic transformation to pivot to sustainable and profitable growth

Strategic investments

Investments included in Adjusted P&L



Investments Excluded from Adjusted P&L

- Non-recurring excluded from adjusted: \$12m (2019: \$4m)
- Capex: \$26m (2019: \$23m)

Strategic progress

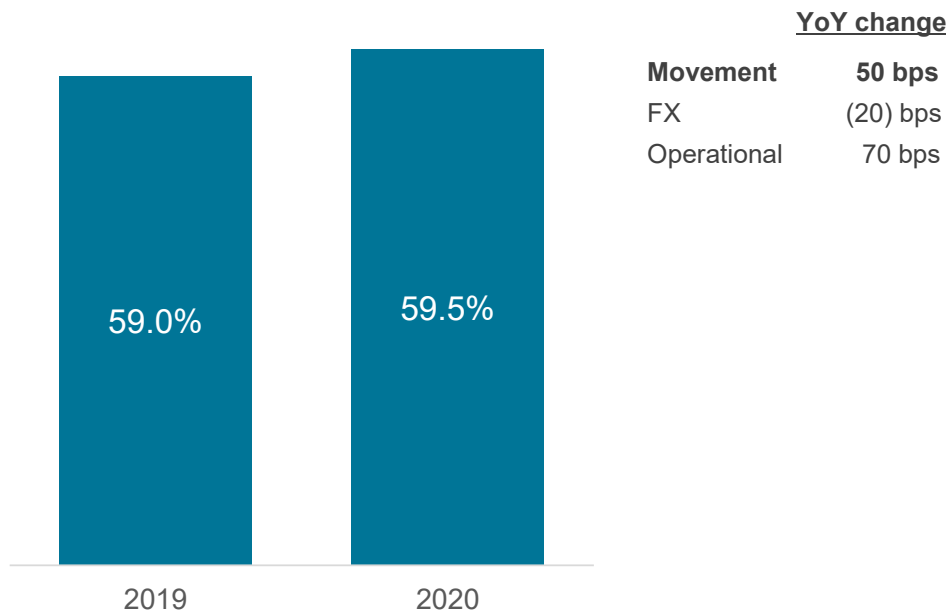
- Transformation on track
- Gross benefits:
 - 2019: ~\$25m
 - 2020: ~\$75m
 - 2021: ~\$130-150m

Primarily Quality & Operations

Increasing proportion commercial
- Longer term benefits continue to increase as we pivot to sustainable & profitable growth

Increasing gross margin while investing in R&D and commercial

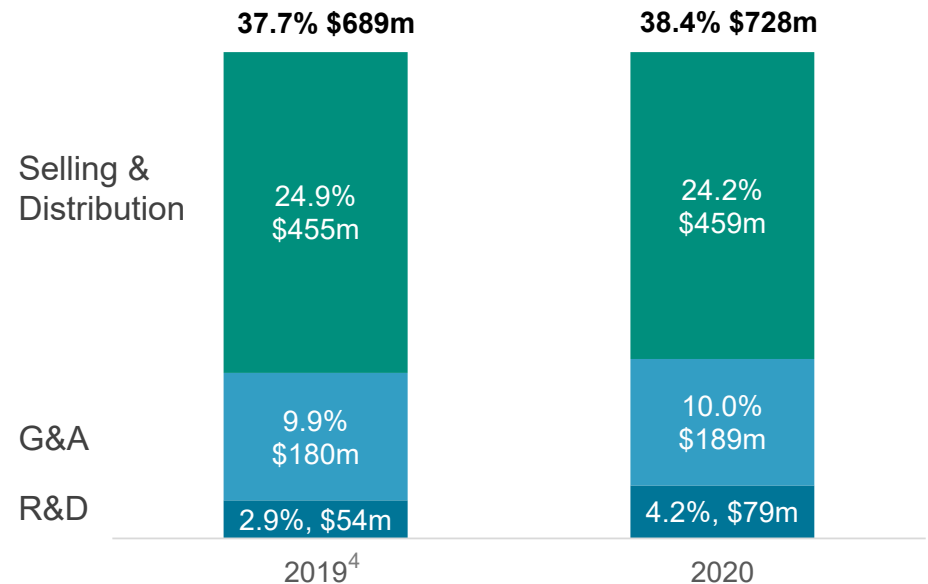
Gross margin¹ rate %



- (20)bps FX headwind
- Operational improvement (+70bps) with positive net productivity gains and some price/mix benefit

1. Results are adjusted unless otherwise stated. A reconciliation of adjusted to reported results is in the full year results statement on pages 37 to 43
 2. Opex including non-recurring transformation investment can be found on slide 30. Non-recurring year on year impact on EBIT margin: (~65bps)
 3. Figures shown as a percentage of revenues
 4. There has been a reclassification between Selling & Distribution and G&A details of which can be found in the full year results statement on page 21

Opex^{2,3} excluding non-recurring transformation investment



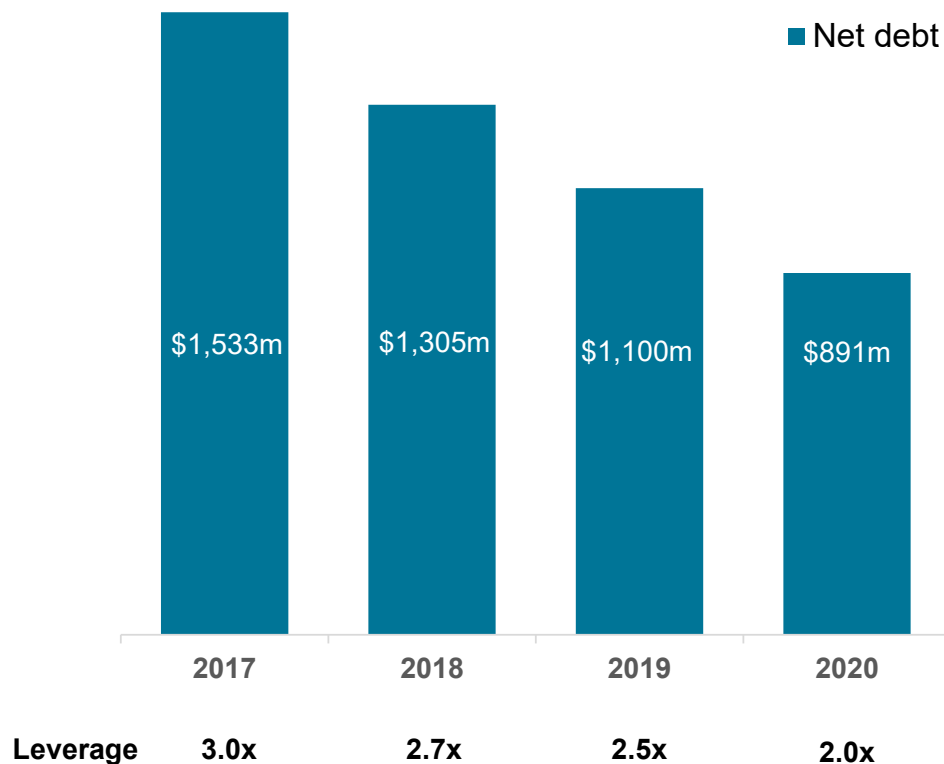
- Step up in R&D investment - includes \$14m MDR (2019: \$5m)
- G&A increase in line with sales principally reflecting phasing of GBS implementation & IT investment during COVID
- Selling & Distribution reflects
 - Increased investment (although some deferred to 2021)
 - Offset by lower than normal travel and A&P given COVID

Strong cash generation – deleveraging the Group



10 1. Primarily relates to Foreign exchange movements on loans and repayment of lease liabilities

Strengthening balance sheet



@ 31 December 2020

\$900m Oct 2024 non-amortising debt (multi-currency)	\$1,456m ¹
\$600m Oct 2024 amortising debt (multi-currency)	
\$200m Revolving Credit facility	Undrawn
Cash & Cash equivalents	\$(565)m
Net debt	\$891m
Lease liabilities	\$92m
Net debt (including lease liabilities)	\$983m

Target <2x net debt/EBITDA²

11 ¹ Carrying value of total interest bearing liabilities excluding lease liabilities

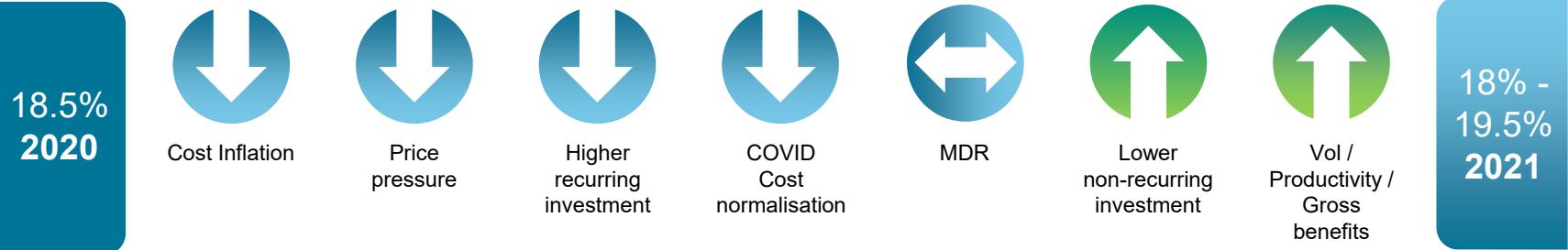
² Results are adjusted unless otherwise stated. A reconciliation of adjusted to reported results is in the full year results statement on pages 37 to 43

2021 Guidance

Revenue Growth

- 3 – 4.5% Organic revenue growth
- AWC returns to growth
- OC similar growth as 2020 as we continue to rationalise the portfolio
- CCC to reflect normalisation of ICU bed usage and tough comps
- IC to continue to grow well although against tough comps

CC Adjusted EBIT Margin



Other

- Ongoing transformation spend, as set out on slide 8
- Interest expense of approximately \$40-45m
- Adjusted Effective Tax Rate¹ of 18-20%
- Capex \$100-120m

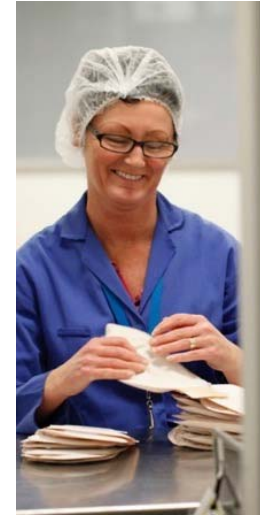
Strategic update

Karim Bitar,
Chief Executive Officer

Transforming ConvaTec - Pivoting to Sustainable and Profitable Growth

Agenda – strategic update

Stabilising & Investing



Positive Growth Prospects

Strategic Transformation on track



Context - responding to the COVID-19 challenge

Rapid Response Team

Safeguarding employees

Strengthening supply chain

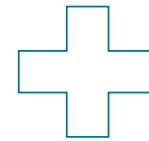
Embracing digital



Outcomes

Strong performance

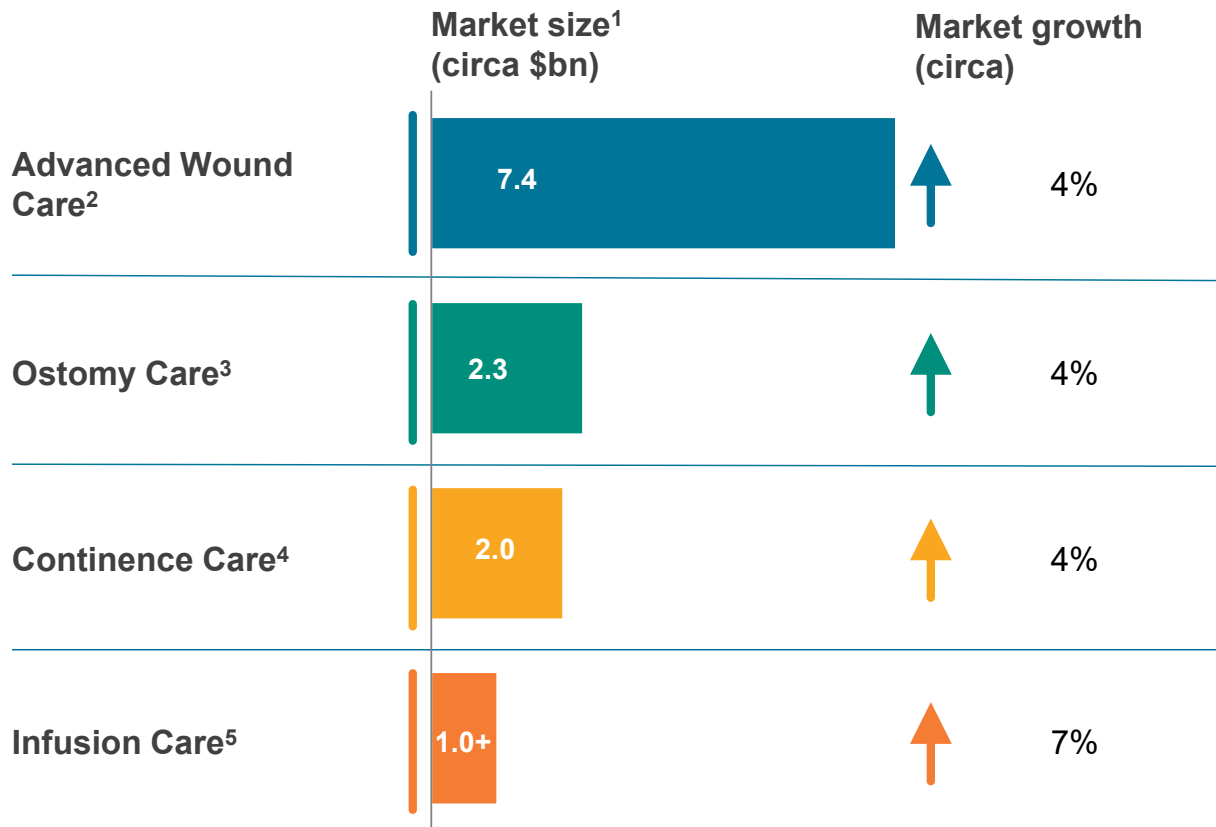
- Strong employee engagement
- Effectively delivered products and services to customers
- Solid financial performance



Transformative change



Context - ConvaTec competes primarily in attractive chronic care markets



Historical challenges



Organisational complexity



Limited core capabilities and execution



Underinvestment in R&D and S&M

¹ Market size and growth information are estimates and are based on internal analysis and publicly available sources, including SmartTRAK and Global Industry Analysts Inc. reports.

² Advanced Wound Care includes advanced dressings (Foams, Antimicrobials, Composite/island dressings, Alginate & Fibre Dressings, Contact layers, Hydrocolloids, Films, Super Absorbents, Hydrogels), Biologics and External devices (Negative Pressure Wound Therapy, Debridement, Energy & Oxygen) segments.

³ The Ostomy Care segment includes 1-piece and 2-piece pouching systems and ostomy care accessories.

⁴ The CC segment comprises the global intermittent catheter segment.

⁵ The Infusion Care segment size refers to disposables for insulin infusion pumps.

Strategic transformation focused on pivoting to sustainable & profitable growth

Strategic Transformation

Stabilising the business

Investing in the foundation & capabilities

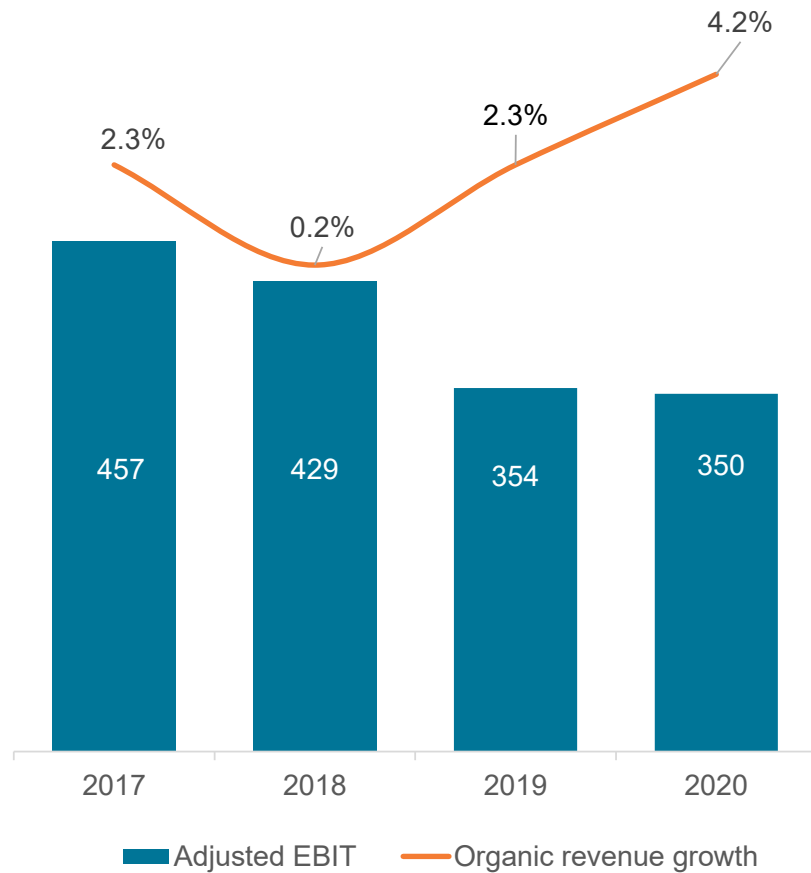
Strengthening the innovation pipeline

Strategic Intent

Sustainable & Profitable Growth

Stabilising the business and investing for sustainable & profitable growth

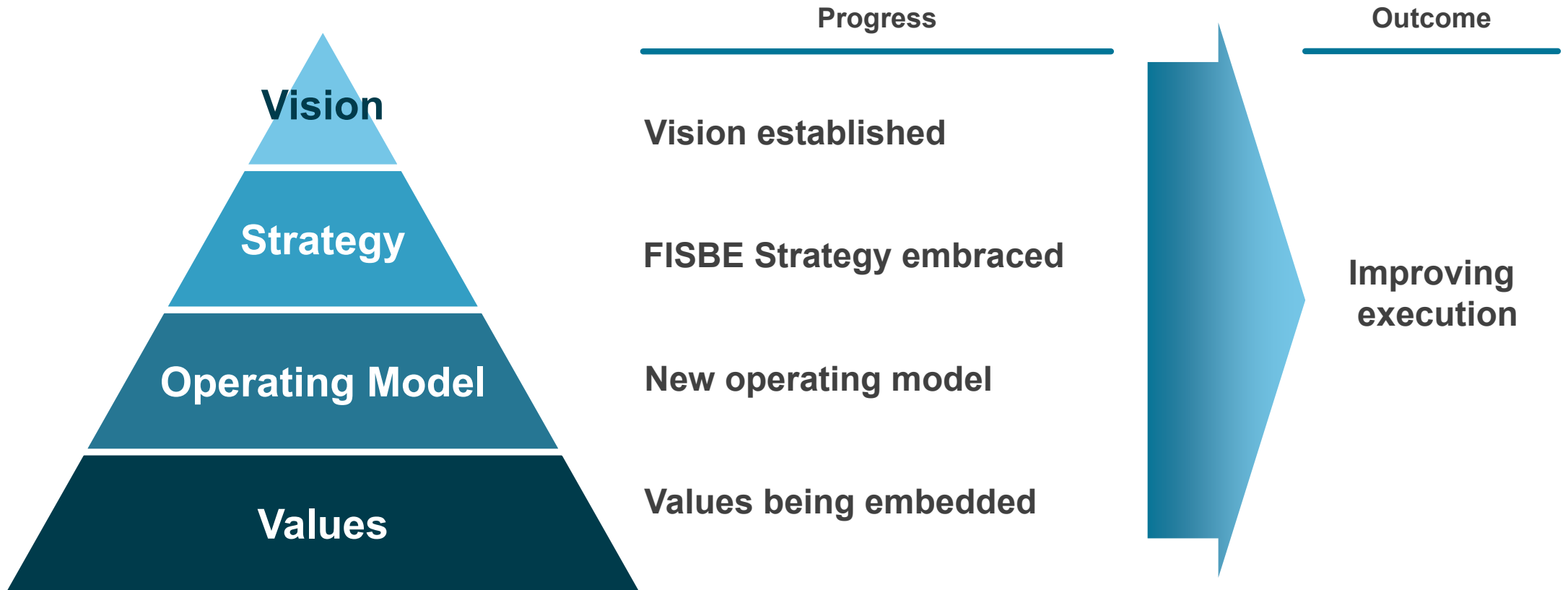
Financial Performance



Investing for growth

- Invested \$131m in 2020
- >100 transformation initiatives
- Key areas:
 - R&D
 - Sales & Marketing
 - Centres of Excellence
 - Global Business Services
 - Quality & Operations
- Transformation on track

Strategic transformation is on track



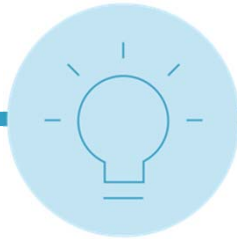
The strategic transformation focuses on five pillars

Vision:
**Pioneering trusted medical solutions to
improve the lives we touch**



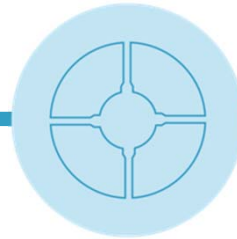
Focus

on key markets
and categories



Innovate

in our work and
trusted solutions



Simplify

our organisation



Build

core capabilities



Execute

with excellence

Focus – on key categories & markets



2020 Progress



- Exited 26 markets and serving more markets indirectly



- Divested US Skincare product line



- Rationalising the product portfolio



- Increased investment in China & US

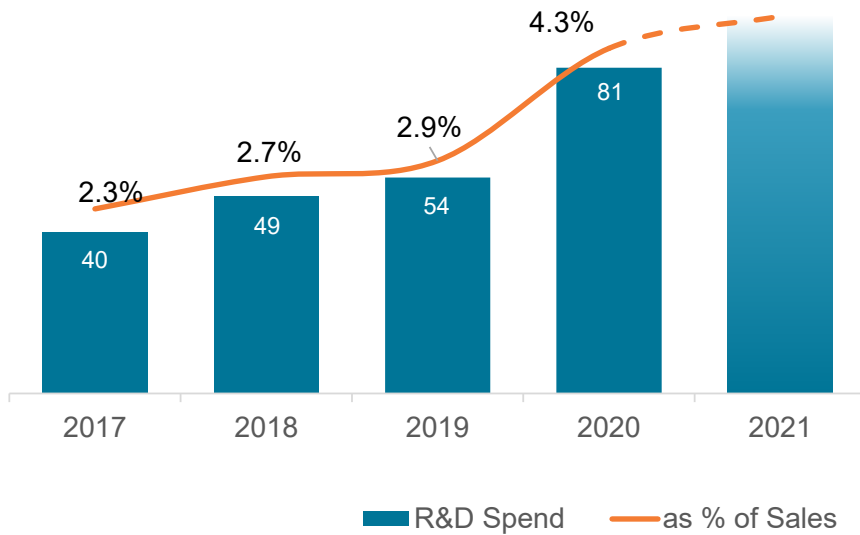
2021 Priorities

- Accelerate growth in top 12 markets
- Continue product rationalisation
- Explore partnerships/acquisitions to strengthen our competitive position

Innovate – to provide differentiated patient-centric trusted solutions



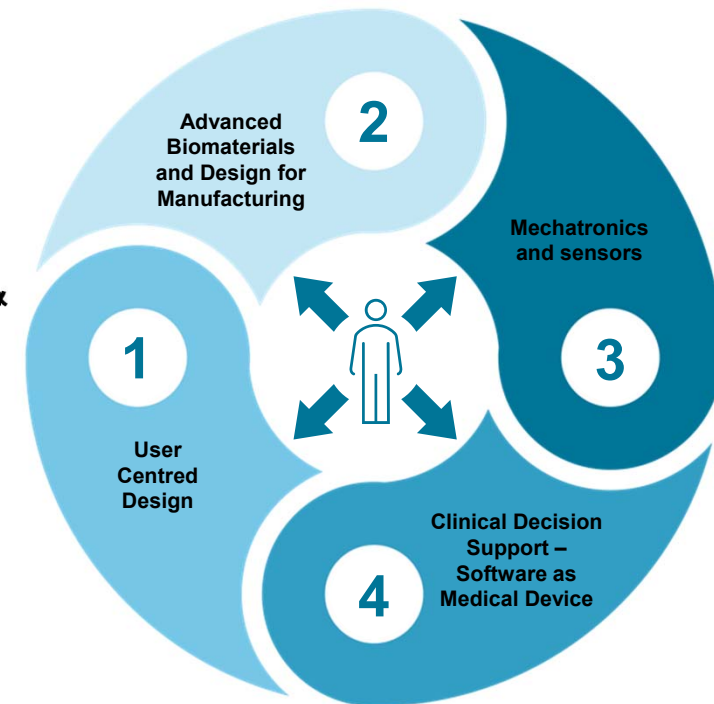
2020 Progress



- New “Technology & Innovation” function
- New leadership & building capability
- Boston Innovation Centre

2021 Priorities

- Further strengthen capabilities
- Roll out new single product development & launch process
- Continue to develop pipeline



Simplify – for a more customer-centric, agile & accountable model

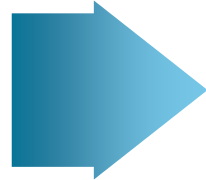


2020 Progress

2021 Priorities



From complex country-led matrix



New operating model: Business Units + functional expertise

- Migrate more activities to Global Business Services



Established Global Business Service Centre in Lisbon:

- Over 140 people
- Certain finance functions



Build – strengthen capabilities across the group



2020 Progress

2021 Priorities



- Strengthened leadership



Dr. Divakar Ramakrishnan



Natalia Kozmina



Mani Gopal



Evelyn Douglas



- Established Salesforce Excellence CoE



- Phase 2 CRM roll out
- Account segmentation
- Global SFE Training



- Creation of Marketing CoE



- Establishing Team
- Strengthening digital expertise

Further progress - CoEs

- Salesforce Excellence
- Marketing

Establish new CoEs

- Medical Education
- Quality



2020 Progress



- Embedded Transformation Execution Office

2021 Priorities

- Continue to embed execution methodology
- Expand “Ability2Execute” training more broadly

Examples of Execution Excellence

Quality & Operations

- Value engineering – optimising materials
- Automation
- Scrap initiatives

Medical Education

- >200k HCPs trained virtually via Convatec Academy of Professional Education



Summary and Outlook



Strategic transformation on track



Solid 2020 performance

- Grew revenue despite pandemic challenge
- Increased investment in strategic transformation & sustained operating profits
- Strong cash generation & continued delevering



Outlook

- Organic revenue growth: 3.0% to 4.5%
- CC Adjusted EBIT margin: 18.0% to 19.5%
- Confidence in growth prospects



**If you would like to ask a question during the
live Q&A please dial into:**

United Kingdom: +44 (0)330 336 9411

United States: +1 929-477-0324

Access code: 8535951



Appendix



Key financial metrics

	2020	2019	Growth	Comments
Revenue	\$1,894m	\$1,827m	3.7% / 4.0% ¹	<ul style="list-style-type: none"> \$6.4m FX headwind, \$2.7m acquisition, \$(6.2)m disposals
Gross margin²	59.5%	59.0%	50 bps	<ul style="list-style-type: none"> +70 bps operational, -20 bps FX
EBIT² EBIT margin²	\$350m 18.5%	\$354m 19.4%	(1.1)% (90) Bps	<ul style="list-style-type: none"> Transformation investment driven
Net finance and non-operating expense²	\$(52.8)m	\$(78.0)m	\$(25.2)m	<ul style="list-style-type: none"> Lower interest cost post Oct-19 refinancing
PBT	\$297.4m	\$276.3m	7.6%	<ul style="list-style-type: none"> Lower EBIT offset by reduced net finance & non-operating expenses
Tax² ETR²	\$(56.9)m 19.1%	\$(44.3)m 16.0%	28.4%	<ul style="list-style-type: none"> Regional mix and local tax rate changes
Diluted EPS²	12.0 cents	11.7 cents	2.6%	<ul style="list-style-type: none"> 1.5% increase in diluted NOSH to 2.007bn shares
DPS (\$ cents)	5.7 cents	5.7 cents		<ul style="list-style-type: none"> 47% of adjusted net profit – just outside 35-45% policy
Cash conversion^{2,4}	90%	98%		<ul style="list-style-type: none"> Continued strong cash conversion
Net Debt / EBITDA^{2,3}	2.0x	2.5x		<ul style="list-style-type: none"> Leverage reduced, dividend maintained

¹ Constant currency growth

² Results are adjusted unless otherwise stated. A reconciliation of adjusted to reported results is in the full year results statement on pages 37 to 43

³ 2020 adjusted EBITDA \$445 million (2019: \$443 million)

⁴ Calculated as Adjusted cash generated from operations, net of PP&E dividend by Adjusted EBITDA

Opex excluding non-recurring transformation investment

	2020			2019		
	Adjusted Opex ²	Non recurring transformation ¹	excluding non recurring transformation	Adjusted Opex ²	Non recurring transformation ¹	excluding non recurring transformation
Selling & Distribution % to sales	\$463m 24.4%	\$3m	\$460m 24.2%	\$457m 25.0%	\$2m	\$455m 24.9%
G&A % to sales	\$233m 12.3%	\$44m	\$189m 10.0%	\$213m 11.6%	\$32m	\$180m 9.9%
R&D % to sales	\$81m 4.3%	\$2m	\$79m 4.2%	\$54m 2.9%		\$54m 2.9%
Opex % to sales	\$777m 41.0%	\$49m	\$727m 38.4%	\$724m 39.6%	\$35m	\$689m 37.7%

¹ Excludes non recurring transformation investment in cost of goods sold of \$1m in 2020 and \$4m in 2019

² Results are adjusted unless otherwise stated. A reconciliation of adjusted to reported results is in the full year results statement on pages 37 to 43

Exchange rate sensitivity

- ConvaTec's geographic profile can lead to transactional currency impacts.
- We monitor key rates against the US dollar.
- 29th January 2021 spot rates would indicate a ~\$42m gain on revenue and ~\$6m reduction in EBIT compared with average FY20 rates. This would equate to a 70bps reduction in 2020 EBIT margin.

	FY 2020 Average	FY 2020 Closing	Spot @ 29 Jan. 2021	Sales Sensitivity ¹ \$m	Adj. EBIT Sensitivity ¹ \$m
Euro	1.14	1.22	1.21	4.5	2.2
GBP	1.28	1.35	1.37	1.5	(2.0)
Japanese Yen	0.01	0.01	0.01	0.4	0.2
DKK	0.15	0.16	0.16	0.3	(1.1)

- ~50% of revenue in US Dollars; ~35% currencies quoted above; ~15% from a further 27 currencies.



ConvaTec