

ConvaTec Group Plc

Trading update for the three months ended 30 September 2021

Q3 performance in line with expectations
& continued strategic progress**Key Points:**

- Q3 Group reported revenue of \$511 million was 3.7% higher year on year; up 2.7%¹ in constant currency and 2.2%² on an organic basis.
 - Continued momentum in Advanced Wound Care, modest growth in Ostomy Care and Continence Care, with declines, as expected, in Infusion Care and Critical Care against tough prior year comparatives.
- Group revenue for the 9 months to 30 September 2021 was up 5.4% on an organic and constant currency basis.
- Further good progress on our FISBE (Focus, Innovate, Simplify, Build, Execute) strategy to pivot to sustainable and profitable growth:
 - In Continence Care we improved the quality of our HSG business by disposing of the non-core incontinence activities while also signing an agreement to acquire a quality US service provider focused on existing catheter users.
 - To further advance our new product pipeline we have rolled out a consistent new product development and launch process across all business units. We have conducted investment, development, and scale-up gate reviews for new products such as MioAdvance Extended Wear Infusion Sets and the GentleCath™ Air male catheters launching in 2022.
 - We have continued to improve our regulatory processes including optimising the phasing of MDR implementation over an extended timetable.
 - Continuing to make progress and planning further investments in key initiatives such as digital interactions with healthcare professionals and consumers. We are also progressing plans to expand our Global Business Services centre beyond finance to include HR and IT.
- Strengthened the balance sheet with the successful issuance of \$500 million 2029 senior unsecured notes – diversifying Group debt and extending its maturity profile.
- 2021 full year guidance – We now expect organic² revenue growth to be towards the upper end of our 3.5-5.0% guidance range with a constant currency adjusted EBIT margin of 18.0-19.0%. Based on current FX this equates to guidance of 17.4-18.4% for the published adjusted EBIT margin.

Karim Bitar, Chief Executive Officer, commented:

“During Q3, we continued to drive good momentum in the business and made further strategic progress implementing key transformation initiatives and improving execution. As expected, the growth in the third quarter slowed from Q2 given the relatively tougher comparatives. Notwithstanding the continuing uncertainties in the market, particularly around logistics and raw material inflation, for the full year we expect to be towards the upper end of our organic revenue guidance and to meet our EBIT margin guidance.

“We remain focused on pivoting to sustainable and profitable growth and are making good progress – I am confident in ConvaTec’s long-term growth prospects.”

Revenue summary

	Q3 2021 Reported \$'m	Q3 2020 Reported \$'m	Reported growth %	CC growth ¹ %	Organic growth ² %	9 months CC growth ¹ %
Advanced Wound Care	152	149	2.1	0.6	5.3	6.9
Ostomy Care	136	132	2.9	1.6	1.6	3.0
Continence & Critical Care	136	124	9.7	9.2	1.7	7.7
Infusion Care	87	88	(1.2)	(1.4)	(1.4)	3.7
Total revenue	511	493	3.7	2.7	2.2	5.4

Organic growth ² %	Q1 2021	Q2 2021	Q3 2021	9 months 2021
Advanced Wound Care	9.4	23.8	5.3	12.1
Ostomy Care	3.0	4.4	1.6	3.0
Continence & Critical Care	4.5	1.5	1.7	2.6
Infusion Care	11.7	1.2	(1.4)	3.7
Group	6.7	8.0	2.2	5.4

Advanced Wound Care revenue of \$152 million increased 2.1% on a reported basis and 0.6%¹ in constant currency. Adjusting for the disposal of the US Skincare products, which contributed \$6.7 million of revenue in Q3'20, organic growth was 5.3%. As expected, there was a slow-down in growth from Q2 given relatively tougher comparatives in Q3; however, the business achieved continued strong growth in the Global Emerging Markets, and improved commercial execution in the US and Europe.

Ostomy Care revenue of \$136 million increased 2.9% on a reported basis and 1.6%¹ on organic and constant currency bases. The business saw continued strong growth in Global Emerging Markets partially offset by the impact of product rationalization and pressure in some established markets.

Continence & Critical Care revenue of \$136 million increased 9.7% on a reported basis and 9.2%¹ in constant currency. Adjusting for the Cure Medical acquisition and the disposal of HSG's non-core incontinence business revenues rose 1.7% on an organic basis. Modest organic growth in Continence was partially offset by an anticipated reduction in demand for Critical Care products in all regions except the Global Emerging Markets. Our GentleCath and Cure Medical brands continued to achieve strong growth.

Infusion Care revenue of \$87 million decreased 1.2% on a reported basis or 1.4%¹ on organic and constant bases. This performance, which was slightly better than anticipated, reflects the order phasing against a tough Q3'20 comparative when the category grew by 27%.

Strategic progress

Good progress with the implementation of our FISBE strategy has continued. During the period we disposed of HSG's non-core incontinence activities and also signed an agreement to acquire Patient Care Medical for \$30 million, expected to complete in December. The business is a quality service provider based in Austin, Texas.

Our focus on innovation has continued and we have introduced a common product development and launch process to further advance our new product pipeline. We have conducted investment, development, and scale-up gate reviews for new products such as MioAdvance Extended Wear Infusion Sets and the GentleCath™ Air male catheters launching in 2022.

We have also continued to improve our regulatory processes including optimising the phasing of MDR implementation over an extended timetable thereby enhancing the efficiency and effectiveness of the roll out.

We continued to make progress planning further investments in key initiatives such as digital interactions with healthcare professionals and consumers. We are progressing plans to expand our Global Business Services centre beyond finance to include HR and IT.

During the period we successfully issued \$500 million of senior unsecured 3.875% notes due October 2029. The full proceeds from the issuance were used to prepay a portion of the existing bank debt. This has further strengthened our balance sheet, diversified Group debt and extends the weighted average maturity profile by c.2 years to 4.3 years. The impact will be an extra c.\$5 million of finance expense in 2021, including the write-off of unamortised bank debt fees, and c.\$10 million of additional finance expense in 2022.

2021 Full Year Guidance

We now expect to be towards the upper end of our organic revenue growth of guidance of 3.5-5.0% for the full year. We continue to expect our constant currency adjusted EBIT margin to be between 18.0-19.0% and based on current FX this equates to guidance of 17.4-18.4% for the published adjusted EBIT margin.

Footnotes

- (1) Constant currency growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period.
- (2) Organic growth presents period over period growth at constant currency, excluding M&A activities.

Foreign exchange rates

	Q3 2021 Average	Q3 2020 Average
USD/GBP	1.38	1.31
USD/EUR	1.18	1.18

Investor and analyst audio webcast

There will be an audio webcast hosted by CFO, Frank Schulkes, for investors and analysts at 8:30am BST, details of which can be found below and on the ConvaTec website, www.convatecgroup.com/investors/reports.

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About ConvaTec

ConvaTec is a global medical products and technologies company focused on therapies for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence and critical care, and infusion care. Our vision, which encompasses our purpose, is: Pioneering trusted medical solutions to improve the lives we touch. Our products provide a range of clinical and economic benefits including infection prevention, protection of at-risk skin, improved patient outcomes and reduced total cost of care. To learn more about ConvaTec, please visit www.convatecgroup.com

Forward Looking Statements

This document 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. 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 document 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 document.