Trading Update for the three months ended 31 March 2018

2 May, 2018 (LSE: CTEC)

Trading for ConvaTec Group Plc ("the Group"), a leading global medical products and technologies company, was in line with management expectations for the Group in the first quarter of 2018.

Highlights:

- Group revenue of $458.2 million grew 3.7%[1] on an organic basis, 7.5%[2] on a constant currency basis and 13.7% on a reported basis.
- Advanced Wound Care and Ostomy Care performance reflects the ongoing impact of supply constraints which arose last year, as previously discussed.
- Franchise highlights:
  - strong demand for AQUACEL® foam and silver in Advanced Wound Care.
  - continuing momentum in me+™ patient enrolment in Ostomy Care.
  - Home Distribution Group ("HDG") continuing to outgrow the market in the US in Continence & Critical Care.
  - Infusion Devices performance boosted due to the timing of customer orders; launch of MiniMed™ Mio™ Advance* with our partner Medtronic.
- Group 2018 financial guidance re-affirmed: organic revenue growth 2.5% to 3.0%; Adjusted EBIT margin 24% to 25%.

	Q1 2018 Reported $'m	Q1 2017 Reported $'m	Reported growth %	Organic growth[1] %
Advanced Wound Care	147.1	133.7	10.0	2.2
Ostomy Care	128.0	121.8	5.1	(2.5)
Continence & Critical Care	108.4	85.5	26.8	5.6
Infusion Devices	74.7	62.1	20.3	16.3
Total revenue	**458.2**	**403.1**	**13.7**	**3.7**

Paul Moraviec, Group Chief Executive Officer, commented:

"We have delivered a solid start to the year, underlining 2018 as a year of stabilisation, and our performance in the first quarter clearly demonstrates the benefits of our diversified portfolio. We have made good progress throughout the business and whilst our Q1 results reflect the continuing impact of the supply constraints and associated lost orders which arose last year in our Advanced Wound and Ostomy Care franchises, as expected, we are encouraged by the good underlying demand for our key brands.

"We are pleased with the response to new product launches, in particular the interest in our neria™ guard infusion set, which has applications beyond insulin therapy, and Esteem™ + Flex Convex in Ostomy. We confirm our guidance for the 2018 financial year."

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

* Trademarks of Medtronic MiniMed, Inc.

Group revenue

Group total revenue increased 3.7%[1] on an organic basis versus the prior year, or 7.5%[2] at constant exchange rates. On a reported basis, total Group revenue of $458.2 million grew 13.7% year on year, due to favourable foreign exchange movements and the $15.9 million revenue contribution from Woodbury Holdings and J&R Medical LLC ("J&R Medical"), combined. The Group also divested its Symbius Medical respiratory business on 1 March. Revenue for this business in March 2017 was $0.6 million.

Advanced Wound Care

Revenue grew 2.2%[1] on an organic basis, with continuing growth from our AQUACEL® family of dressings, in particular silver, foam and surgical cover dressing. Reported revenue of $147.1 million grew 10.0% compared to the first quarter of 2017.

Our foam range of dressings and AQUACEL® Ag+ in particular delivered good growth in the quarter. Avelle™ revenues continue to grow, although we still expect the contribution to the franchise overall this year to be modest.

We are addressing our post-acute performance in the US as we outlined with our 2017 results in February, aligning resources, focusing on account conversion and re-positioning our foam offering. We have seen a positive customer response and are pleased with our early progress.

We continue to re-build momentum following the supply constraints which took effect last year, and are working to regain lost accounts.

We remain confident that organic revenue growth will improve as we progress through the year.

Ostomy Care

Revenue declined 2.5%[1] year on year on an organic basis, as expected, reflecting the knock-on impact of supply constraints which arose in the second half of last year and consequent patient loss.

We continue to invest in our me+ platform, driving momentum in me+™ patient enrolment and our recovery programme in the UK. We continue to see good momentum in our convex products which were launched in 2017.

We made good progress in fulfilling backorders on our moldable products that arose in 2017 and anticipate Ostomy performance will improve throughout the rest of the year, as we continue to stabilise and optimise our manufacturing and supply chain and execute on our strategy.

Revenue of $128.0 million grew 5.1% against the first quarter of 2017 on a reported basis.

Continence & Critical Care

Revenue grew 5.6%[1] year on year on an organic basis, with HDG and sales of GentleCath™ driving overall franchise growth. HDG continues to perform strongly and grow faster than the overall US continence market.

Product rationalisation continued in the quarter, reducing revenue by around 80 basis points.

During the quarter we acquired J&R Medical, a Texas-based independent distributor of catheter-related supplies, strengthening our presence in a substantial and important US market. For the year

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

* Trademarks of Medtronic MiniMed, Inc.

ended 31 December 2017 J&R Medical delivered revenues of approximately $9.0 million. We also divested our non-core Symbius Medical respiratory business.

On a reported basis revenue of $108.4 million grew 26.8% year on year; this includes a revenue contribution of $15.9 million from Woodbury Holdings, which was acquired on 1 September 2017, and J&R Medical, which was acquired on 1 March 2018, combined. On 1 March 2018, the Group also divested its Symbius Medical respiratory business - revenue for this business in March 2017 was $0.6 million.

Infusion Devices

Revenue grew 16.3%[1] year on year on an organic basis, boosted by positive customer inventory movements, and to a lesser extent the completion of a customer voluntary product recall. We expect that for the full year growth will be in line with the insulin pump market.

During the quarter we launched our Ulysses infusion set for diabetes use, MiniMed™ Mio™ Advance*, with our partner Medtronic in selected markets. End-user feedback from trials has been positive.

We also continue to explore applications beyond insulin therapy with our neria™ guard infusion set.

Revenue of $74.7 million grew 20.3% year on year on a reported basis.

Outlook and guidance

The outlook for the Group for FY2018 is unchanged from that announced at the time of the FY2017 results on 15 February 2018:

- Organic revenue growth of 2.5% to 3.0%[1]
- Adjusted EBIT margin: opex-driven decline to 24% to 25%

2018 technical guidance:
- Capex broadly in-line with 2017
- Effective tax rate around 15%

Expected FY2018 phasing:
- Revenue to broadly reflect historical H1/H2 phasing
- Adjusted EBIT margin to have significant H2 weighting, as in prior years

There will be a webcast for UK analysts & investors today at 09:00 BST which can be accessed via the ConvaTec website www.convatecgroup.com/investors/reports/ A recording will be available on the site shortly afterwards.

There is also a conference call facility:
- *Telephone number: 020 3936 2999*
- *Passcode: 833714*

The presentation for the call can be downloaded at: www.convatecgroup.com/investors/reports/

A second webcast and call for US analysts and investors will be held at 14.00 BST / 09.00 EDT:
- *United States: 1 855 9796 654*
- *Passcode: 791888*

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

* Trademarks of Medtronic MiniMed, Inc.

Enquiries:

Analysts and Investors
John Crosse, VP Investor Relations +44 (0)7500 141435
Kirsty Law, Director Investor Relations +44 (0)7470 909582
investorrelations@convatec.com

Media
Bobby Leach, VP Group Corporate Affairs +44 (0)7770 842226

Finsbury +44 (0)207 2513801

Revenue by Geography

	Q1 2018 Reported $'m	Q1 2017 Reported $'m	Reported growth %	Organic growth[1] %
Americas	234.3	202.4	15.8	8.1
EMEA	192.2	170.7	12.6	(0.9)
APAC	31.7	30.0	5.7	0.3
Total revenue	**458.2**	**403.1**	**13.7**	**3.7**

Revenue in Americas grew by 8.1% on an organic basis, driven by a strong performance from HDG, and growth in Infusion Devices, partially offset by a weaker Ostomy performance. On a reported basis revenue grew by 15.8% with the inclusion of Woodbury and J&R Medical.

Revenue in Europe, Middle East and Africa declined by 0.9% on an organic basis as a result of lower revenues in Ostomy Care and Continence and Critical Care, partially offset by growth in Advanced Wound Care. On a reported basis, revenue grew by 12.6% due to favourable foreign exchange movements.

Revenue in Asia Pacific grew by 0.3% on an organic basis, primarily driven by a good performance from Advanced Wound Care, partially offset by lower revenues in both Continence and Critical Care, as a result of product rationalisation, and in Ostomy Care, due to timing of orders. On a reported basis revenue grew by 5.7% due to favourable foreign exchange movements.

Foreign exchange rates

	Q1 2018 Average	Q1 2017 Average
USD/GBP	1.39	1.24
USD/EUR	1.23	1.07

1. Organic growth presents year on year growth at constant exchange rates, excluding M&A.

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 devices. 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 where a copy of this announcement can also be found.

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.