

# Q1 FY 2017 Trading Update

4 May 2017



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# Q1 FY 2017 highlights

- **Group revenue +1.8%<sup>1</sup> (constant currency) +1.2%<sup>2</sup> (organic), in line with expectations and showing continuing momentum across the Group**
- **Advanced Wound Care revenue +4.2%<sup>2</sup>, good underlying growth impacted by changes to reimbursement rates in France and timing of orders in EMEA**
- **Ostomy Care revenue +3.3%<sup>1</sup> (+1.1%<sup>2</sup> organic), reflecting continued progress in executing our strategy**
- **Contenance & Critical Care organic revenue broadly flat<sup>3</sup>, with continuing growth from 180 Medical offset by planned product rationalisation**
- **Infusion Devices revenue (3.1)%<sup>2</sup>, due to anticipated customer inventory reductions**
- **MIP activities continue on track**
- **Guidance for FY2017 re-affirmed**

<sup>1</sup> Growth at constant exchange rates. Group and Ostomy Care include \$2.5 million revenue from EuroTec in Q1 FY17. Excluding EuroTec, organic growth in Q1 FY17 was 1.2% for Group total revenue, and 1.1% for Ostomy Care.

<sup>2</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

<sup>3</sup> (0.1)% organic decline following c.4 percentage point reduction from planned product rationalisation

# Franchise Results Overview

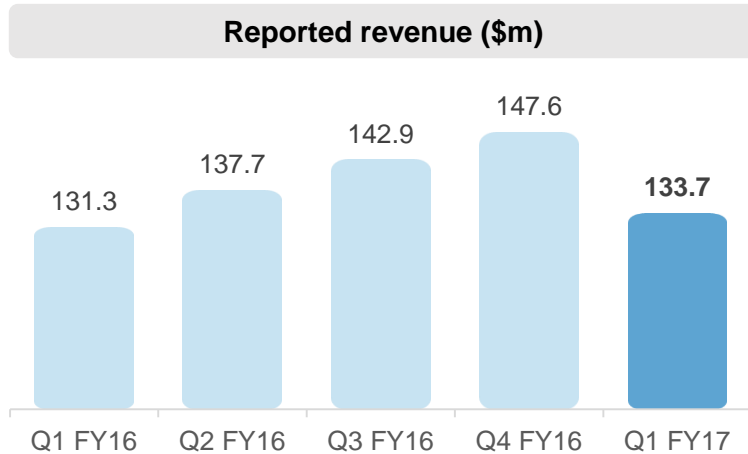
Good underlying performance across all franchises

	Q1' 17 Reported revenue (\$'m)	Organic growth <sup>1</sup>
Advanced Wound Care	133.7	+4.2%
Ostomy Care	121.8	+1.1%
Continence & Critical Care	85.5	(0.1)%
Infusion Devices	62.1	(3.1)%
<b>Total Revenue</b>	<b>403.1</b>	<b>1.2%</b>

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

# Advanced Wound Care

## New products provide strong growth potential



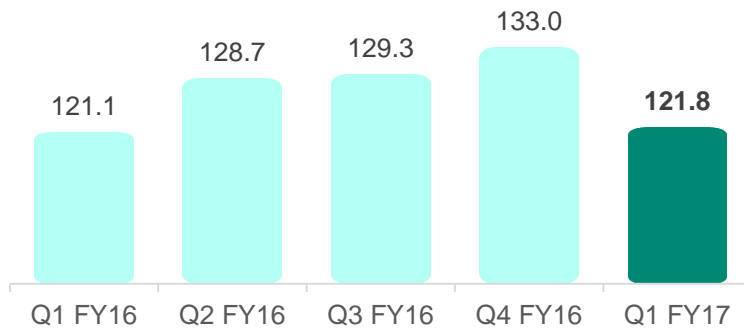
- +4.2%<sup>1</sup> growth driven by foam and silver
- Impact of reimbursement rates in France and timing of EMEA orders
- Avelle™ global launch and rollout continues
- New products strengthen portfolio:
  - Foam Lite™ in US and Japan
  - Sensi-Care® incontinence wipes in US

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

# Ostomy Care

## Continued progress executing our strategy

Reported revenue (\$m)

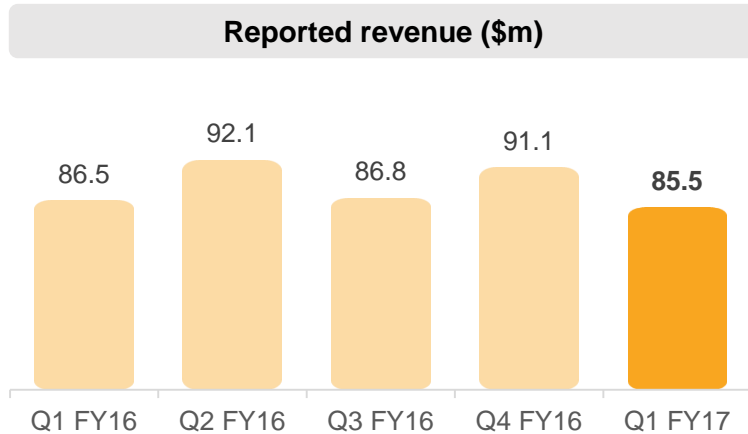


- +3.3%<sup>1</sup> reflecting continued progress along with expected US GPO impact (c. 1ppt)
- Execution and delivery:
  - Acceleration of hospital wins in Germany
  - Continuing momentum in me+ enrolments
- Global launch of Esteem™+ Flex Convex one-piece system
- \$2.5m revenue contribution from EuroTec, integration on-track

<sup>1</sup> Growth year on year at constant exchange rates. Organic growth was +1.1%. Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

# Continence & Critical Care

## 180 Medical drives good underlying growth



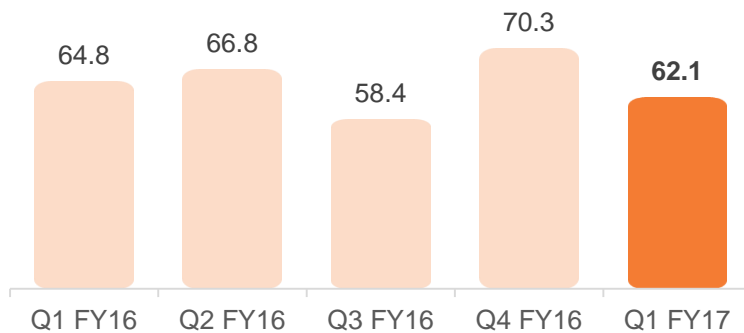
- Organic revenue broadly flat<sup>1</sup>, c.4ppt reduction from planned product rationalisation
- Good underlying growth driven by 180 Medical and GentleCath
- US product launches strengthen portfolio:
  - GentleCath™ Glide
- me+ programme launched for continence care

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

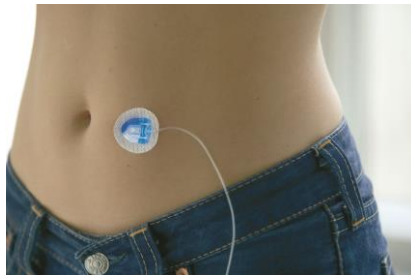
# Infusion Devices

Underlying momentum, increasing production capabilities

Reported revenue (\$m)



**neria™**  
guard



- Revenue decline of 3.1%<sup>1</sup> driven by anticipated customer inventory reductions
- Strengthened relationship with Medtronic
  - Unomedical manufacturing expansion to support insulin pump business

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities



# Q1 FY 2017 Summary

- **Good start to the year**
- **In line with expectations**
- **Continuing underlying momentum across the Group**
  - Offset by some anticipated events
- **MIP activities continue on track**
- **Guidance for 2017 re-affirmed**
- **FY 2017 revenue growth H2 weighted, as anticipated**

# Appendix



# Quarterly Revenue Performance

## Quarterly reported revenues by franchise

\$m	2016				2017
	Q1	Q2	Q3	Q4	Q1
<b>AWC</b>	131.3	137.7	142.9	147.6	133.7
<b>Ostomy Care</b>	121.1	128.7	129.3	133.0	121.8
<b>C&amp;CC</b>	86.5	92.1	86.8	91.1	85.5
<b>ID</b>	64.8	66.8	58.4	70.3	62.1
<b>Group</b>	403.7	425.2	417.4	442.0	403.1

## Organic<sup>1</sup> growth rate by franchise

%	2016				2017
	Q1	Q2	Q3	Q4	Q1
<b>AWC</b>	8.9	7.5	4.0	6.1	4.2
<b>Ostomy Care</b>	2.3	1.1	2.6	1.0	1.1
<b>C&amp;CC</b>	2.0	8.9	1.5	2.1	(0.1)
<b>ID</b>	7.1	4.3	(1.2)	5.8	(3.1)
<b>Group</b>	5.0	5.3	2.3	3.6	1.2

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

# FY 2017 Guidance – published 2 March 2017

## **Group constant currency organic revenue growth rate greater than 4.0%**

- Includes a c.-1% impact from MIP initiatives (c.\$15m full year effect)
- Excludes EuroTec revenue contribution (2016 revenues of €10 million)

## **Revenue growth to be weighted towards second half**

- Reflects impact of timing of MIP initiatives
- Impact of product launches
- Timing impacts within Ostomy Care and Infusion Devices

## **A negative impact of c. 2% on reported revenue growth expected from FX**

## **Expect to deliver circa half of targeted 300bps MIP gross margin benefit during 2017**

## **Capital expenditure of 2-3% of revenue with a further \$50m related to MIP**

## **Incremental c.\$15 million Plc costs in 2017**

## **Adjusted tax rate expected to be broadly in line with 2016 pro forma effective tax rate**

## **Targeting a payout ratio of between 35% - 45% of Adjusted Net Income over time**

- Intend first payment to be an FY17 interim dividend, targeting 35% payout ratio

# Revenues by Geography

	Q1 '17 – reported (\$m)	Reported growth	Organic growth <sup>1</sup>
Americas	202.4	3.6%	2.8%
EMEA	170.7	(4.1)%	0%
APAC	30.0	(1.0)%	(2.7)%
Group	403.1	(0.1)%	1.2%

<sup>1</sup> Organic growth presents year on year growth at constant exchange rates, excluding M&A activities

# FX Rates and Sensitivities

## FX Rates

	Q1' 17 Average	Q1' 16 Average
USD/GBP	1.24	1.43
USD/EUR	1.07	1.10

## Revenue Split

	Q1' 17
USD	47%
EUR/DKK	26%
GBP	10%
Other	17%