ConvaTec Group Plc First Half 2017 Results

Continuing execution of our strategy: guidance confirmed

ConvaTec Group Plc and its subsidiaries ("ConvaTec" or the "Group"), a leading global medical products and technologies company focused on therapies for the management of chronic conditions, today reports continuing underlying momentum in the first six months of 2017 with guidance for the full year unchanged.

Group highlights:

- Group reported revenue of $831.3 million grew 0.3%, 2.1%[3] CER or 1.5%[4] organically, with underlying momentum across all franchises, particularly in Ostomy Care, offset by phasing impacts and short-term fulfilment constraints;
- Advanced Wound Care: continued solid demand growth in Foam, Silver, Surgical Cover Dressings and Avelle™, offset by changes to reimbursement rates in France and short-term fulfilment constraints;
- Ostomy Care: continued execution of the Group's strategy delivered accelerating revenue growth;
- Continence & Critical Care and Infusion Devices delivered good underlying momentum;
- Margin Improvement Programme (the "MIP Programme") on track for full year guidance - 40 basis points (bps) performance benefit in H1, with a 150 bps increase in adjusted gross margin to 60.3%, including favourable foreign exchange movements;
- Continued investment in the business to support product and regional growth, plus inclusion of public company related costs for the first time led to adjusted EBIT margin 190 bps lower;
- Strategic acquisitions strengthen franchises - Acquisition of Woodbury Holdings ("Woodbury") immediately accretive on completion and builds on the success of 180 Medical. EuroTec integration on track;
- Inaugural interim dividend of 1.4 cents per share; and
- Guidance for the full year is confirmed, revenue growth weighted towards the second half of the year.

Paul Moraviec, Group Chief Executive Officer, commented:

"These results show the continued progress we are making across the business, as we deliver on our strategy to drive growth, innovation and efficiency.

"During the first half we saw accelerating growth in our Ostomy Care franchise, which delivered 3.6% organically in Q2, driven by a strong performance in the U.S. and continued underlying momentum across our other three franchises. Our Margin Improvement Programme delivered a further net 40 bps of gross margin benefit in the first half at constant currency, and we continue to expect to deliver around half of the targeted c. 300 bps adjusted gross margin improvement during 2017.

"The first half has been busy for new product launches across all our franchises, as we continue to leverage our strong pipeline and invest in growth. In the period we launched GentleCath™ Glide in the U.S. and Flexi-Seal™ PROTECT in the U.S. and Europe, and our Neria Guard infusion set for non-diabetes conditions in June. We also continued the global rollouts of Avelle™ and Esteem™+ Flex Convex, and have just launched our convex Accordion range.

"Building on our solid start to the year, with our balanced portfolio across products and geographies, and structurally growing addressable markets, we are confident for the future and delivering our full year guidance, with accelerating growth in the second half underpinned by a growing contribution from new products and the unwinding of first half timing impacts."

Franchise Summary:

Group total revenue grew 1.8%[4] in the second quarter.

- Advanced Wound Care revenue grew 3.4%[4] organically in the first half, and 2.6%[4] in the second quarter, impacted by changes to reimbursement rates in France and short-term fulfilment constraints, which together reduced growth by c. 3 percentage points. We have already taken action to resolve these supply issues and continue to expect stronger revenue growth in the second half driven by Foam, Silver, Surgical Cover Dressings and a growing contribution from Avelle™;
- Ostomy Care revenue grew 4.6%[3] at CER or 2.4%[4] organically in the first half, and 3.6%[4] in the second quarter, reflecting accelerating revenue growth and strong execution of the Group's strategy, particularly in the U.S. We expect growth to continue to accelerate in the second half driven by new product launches and the annualisation of the Group Purchasing Organisation ("GPO") contract renewals in the U.S., which gave rise to a c. 1 percentage point headwind to growth in the first half;
- Continence & Critical Care revenue declined 1.1%[4] organically in the first half, and by 2.0%[4] in the second quarter, with a strong Continence Care performance being offset by planned product rationalisation as part of the MIP Programme, which impacted growth by c. 5 percentage points. We expect a higher level of growth in the second half as the impact from the MIP Programme is reduced; and
- Infusion Devices revenue declined 0.7%[4] organically in the first half, and grew 1.7%[4] in the second quarter, due to the timing of new product launches by a major customer, which saw some demand move out to the second half, along with some customer inventory reductions in the period. As a result we expect faster growth in the second half.

	Six months ended 30 June			
	2017	**2016**	**Reported**	**Organic**
Adjusted results[(1)]	**$m (unless stated)**		**Growth**	**growth[(4)]**
Revenue	831.3	828.9	0.3%	1.5%
Gross margin	*60.3%*	*58.8%*	150 bps	
EBITDA	216.4	226.2	(4.3)%	(8.5)%
EBIT/Operating profit	193.5	209.0	(7.4)%	(12.2)%
EBIT margin	*23.3%*	*25.2%*	(190) bps	
Earnings per share ($ per share)[(5)]	0.06	0.04		

	Six months ended 30 June			
	2017	**2016**	**Reported**	**Organic**
Reported results	**$m (unless stated)**		**Growth**	**growth[(4)]**
Revenue	831.3	828.9	0.3%	1.5%
Gross margin	*51.6%*	*48.1%*	350 bps	
EBITDA	180.9	152.1	18.9%	11.3%
EBIT/Operating profit	92.8	58.7	58.1%	34.6%
EBIT margin	*11.2%*	*7.1%*	410 bps	
Earnings per share ($ per share)	0.01	(0.06)		
Dividend per share[(2)]	1.4 cents	—		

There will be an analysts and investors meeting today at 9.00am BST / 4.00am EST at One Moorgate Place, London, EC2R 6EA, which can be viewed live through the ConvaTec website https://www.convatecgroup.com/investors/reports/ and a recording will be available on the site shortly afterwards.

The full text of this announcement and the presentation for the analyst and investors meeting can also be downloaded from the website above.

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Financial Calendar

Ex-dividend date	7 September 2017
Dividend record date	8 September 2017
Scrip dividend election date	29 September 2017
Dividend payment date	20 October 2017
Q3 trading update	7 November 2017

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.

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(1) Certain financial measures in this document, including adjusted results above, are not prepared in accordance with International Financial Reporting Standards ("IFRS"). All adjusted measures are reconciled to the most directly comparable measure prepared in accordance with IFRS in the *Non-IFRS Financial Information* below.

(2) On 2 August 2017, the Board declared the first interim dividend to be distributed on 20 October 2017 in the total amount of $27.7 million, representing 1.4 cents per share based upon the issued and fully paid share capital as at 30 June 2017. See note 6 - Dividends for further details.

(3) Constant exchange rates ("CER") growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. Growth at CER includes $5.3 million revenue from Eurotec Beheer B.V. ("EuroTec") in the six months ended 30 June 2017. Excluding EuroTec, organic growth in the six months ended 30 June 2017 was 1.5% for total revenue, and 2.4% for Ostomy Care.

(4) Organic growth presents period over period growth at CER, excluding M&A activities.

(5) Pro forma EPS for the six months ended 30 June 2016 is $0.08. This reflect the post-IPO debt structure as if it had been in place as at 1 January 2016.

Chief Executive's Review

For the six months ended 30 June 2017

Results for the first six months demonstrate continued progress across all of our franchises. We are focused on three strategic drivers: growth, innovation and efficiency. In the first half we continued the global rollouts of Avelle™ and Esteem™+ Flex Convex, and launched GentleCath™ Glide in the U.S. and Flexi-Seal™ PROTECT in the U.S. and Europe, supporting future growth. We continued to innovate, launching our Neria Guard infusion set for non-diabetes conditions in June, and our FeelClean™ technology built into GentleCath™ Glide.

In the first half Group revenue grew 2.1%[3] at CER to $831.3 million, and by 1.5%[4] organically.

	Six months ended 30 June				Q2
Revenue by franchise	**2017 $m**	**2016 $m**	**Reported growth**	**Organic growth(4)**	**Organic growth(4)**
Advanced Wound Care	272.1	269.0	1.2%	3.4%	2.6%
Ostomy Care	254.7	249.8	2.0%	2.4%	3.6%
Continence & Critical Care	175.1	178.6	(2.0)%	(1.1)%	(2.0)%
Infusion Devices	129.4	131.5	(1.6)%	(0.7)%	1.7%
Total revenue	**831.3**	**828.9**	**0.3%**	**1.5%**	**1.8%**

Advanced Wound Care

We continue to see strong market demand for our AQUACEL® product lines, including AQUACEL® Foam and AQUACEL® Ag and Ag+. In the first half we launched Foam Lite into the U.S. bringing the total number of markets to 28, as we continue to take market share in the global $1.2 billion foam market. AQUACEL® Surgical continues to show good growth, driven by the delivery of both economic and clinical benefits - a study by New York Presbyterian Hospital/Columbia Medical Center found a four-fold decrease in the incidence of post-operative joint infections with the use of AQUACEL® Ag SURGICAL cover dressings, compared with a standard gauze dressing. Silver also continues to grow at above market rates, driven by AQUACEL® Ag+ Extra which combines silver with unique anti-biofilm technology. The global rollout of Avelle™ continues - we are making sales in 12 countries, with further clinical evaluations underway in Australia, New Zealand and Canada. In the U.S., the FDA has asked us to carry out some additional testing on Avelle™ and we aim to re-submit our 510(k) at the end of September.

Reported revenue of $272.1 million grew 3.4%[4] in the first half and 2.6%[4] in the second quarter, impacted by a change to reimbursement rates in France, which took effect in January and reduced growth by c. 1 percentage point, along with short-term fulfilment constraints. While production lines have been successfully relocated as part of manufacturing footprint optimisation, delays in certification by certain regulatory bodies and longer than anticipated time to ramp up to full production volumes led to a delay in fulfilment of some orders in the period, particularly in the U.S. and EMEA. These temporary supply issues reduced growth by a further c. 2 percentage points. We have already taken action to resolve these supply issues and we continue to expect stronger revenue growth in the second half of 2017.

We remain focused on three priorities to drive our growth in Advanced Wound Care: expanding our core AQUACEL® offering, in particular Ag+ and Surgical, accelerating growth in the foam market and building on our differentiated entry into the negative pressure wound therapy ("NPWT") market.

Ostomy Care

The execution of our strategy to return the Ostomy Care franchise to consistent growth has driven an improved performance, particularly in the U.S. Revenue growth includes the pricing impact following the renewal of the GPO contracts in the U.S. in the second half of 2016, which reduced total Ostomy Care revenue growth by c. 1 percentage point. We continue to see strong momentum in the U.S. market, supported by our me+™ direct-to-consumer programme and we continue to win new hospital sponsorships in the United Kingdom ("UK") and new hospitals in Germany. The global launch of the Esteem™+

Flex Convex one-piece system in the first half was positively received, with strong demand in Japan, Italy and the U.S. We are now in the process of launching our convex Accordion range, with an encouraging response in Canada and France, the first two countries to launch.

In the first half we also introduced an innovative patient education programme called "me+™ recovery" to help patients remain physically active post-surgery and to aid recovery. The program has initially been rolled out in the UK and is accredited by the Royal College of Nursing, with 15% of UK ostomy nurses already enrolled. We will now extend the recovery programme across Europe.

Reported revenue of $254.7 million grew 4.6%[3] at CER and included a $5.3 million contribution from EuroTec, the Netherlands based manufacturer of ostomy appliances, which we acquired on 3 January 2017. On an organic basis revenue grew 2.4%[4] in the first half, with 3.6%[4] growth in the second quarter. EuroTec is performing as expected and the integration plan is on track.

We aim to drive further growth in Ostomy Care by continuing to strengthen relationships with ostomy nurses in hospitals and to provide them with the tools to make ostomy care simple, easy and accessible, expand our me+ direct-to-consumer programme, and continue to enhance our product portfolio.

Continence & Critical Care

Revenue of $175.1 million declined 1.1%[4] in the first half and by 2.0%[4] in the second quarter, reflecting good growth in our Continence Care portfolio being more than offset by the planned rationalisation initiatives within the Critical Care business, part of our MIP Programme. We continue to innovate and expand the GentleCath™ portfolio to address a wider range of needs and during the period we launched GentleCath™ Glide, our hydrophilic catheter, in the U.S. along with the GentleCath™ me+™ programme for Continence Care, expanding our existing Ostomy Care direct-to-consumer programme to support intermittent catheter users. Later this year, we intend to commence the launch of GentleCath™ outside the U.S. market. During the first half we also launched Flexi-Seal™ PROTECT in the U.S. and Europe, which further strengthens our leading position in this segment.

On 20 July 2017, we announced we had agreed to acquire Woodbury, a U.S.-based independent national distributor of incontinence and catheter-related supplies. With this acquisition our Continence and Critical Care franchise will create a new home distribution business unit for catheter and incontinence related products in the U.S., encapsulating 180 Medical, Symbius Medical, South Shore Medical Supply, Wilmington Medical Supply and Woodbury Health Products to better serve patients. On completion, the acquisition will be immediately accretive to Group sales and EBITDA growth, with the opportunity to benefit from both cost and revenue synergies, and builds on the success of our 180 Medical business. The addition of Woodbury to the Group will provide further breadth and reach to our new home distribution unit and further consolidate our leading position in this market to bring our comprehensive end-to-end suite of services to even more patients. Refer to note 16 - Subsequent events for further details.

Infusion Devices

We continue to see strong demand for our infusion sets, and during the period our Unomedical subsidiary announced an expansion of its manufacturing technology platform for the insulin pump therapy business at Medtronic, increasing our production capabilities to support the range of infusion sets and insulin pump therapy solutions offered by the Diabetes Group at Medtronic.

In June we launched our Neria Guard infusion set ('Ulysses') at the International Congress of Parkinson's Disease and Movement Disorders in Vancouver and we have already shipped our first orders.

Reported revenue of $129.4 million declined 0.7%[4] in the first half, and grew by 1.7%[4] in the second quarter due to the timing of new product launches by a major customer, which saw some demand move out to the second half, along with some customer inventory reductions in the period. As a result we expect faster growth in the second half.

We continue to focus on three priorities to drive our growth in Infusion Devices - strengthen our strong and long-term partnerships with insulin pump manufacturers, continue to develop innovative products for both insulin and other drug delivery, and leverage our leading industry position.

Regional Revenue

	Six months ended 30 June				Q2
Geographic markets	2017 $m	2016 $m	Reported growth	Organic growth(4)	Organic growth(4)
Americas	417.5	399.5	4.5%	4.1%	5.3%
EMEA	349.2	365.4	(4.4)%	(1.2)%	(2.3)%
APAC	64.6	64.0	0.9%	0.2%	2.8%
Total revenue	**831.3**	**828.9**	**0.3%**	**1.5%**	**1.8%**

Revenue in Americas grew 4.1%[4] driven by growth across a number of franchises, including strong growth in Ostomy Care and a good performance from 180 Medical, partially offset by the impact of product rationalisation in Continence and Critical Care.

Revenue in EMEA declined 1.2%[4] with growth in Advanced Wound Care more than counterbalanced by the impact of product rationalisation in Continence and Critical Care and timing of orders in Infusion Devices. The reported decline of 4.4% includes the $5.3 million revenue from EuroTec acquisition, which was more than offset by unfavourable foreign exchange movements.

Revenue in Asia Pacific grew 0.2%[4] with growth in the Advanced Wound Care and Ostomy Care franchises being counterbalanced by the impact of MIP initiatives in Continence & Critical Care.

MIP Programme

The MIP targets a minimum net positive impact on gross margins of 300 bps by 2020 and we remain on track to deliver approximately half of this benefit cumulatively in the current financial year. Key areas of delivery in the first six months of 2017 include:

- the closure of our Greensboro plant in the U.S. and transfer of production of DuoDERM and AQUACEL® Surgical to Haina, Dominican Republic. This completes our reduction from 11 manufacturing plants to 8;
- continued product rationalisation in our Continence & Critical Care franchise to eliminate low margin products from our catalogue - this had a c. $9 million impact on revenue in the first half but is broadly EBITDA neutral; we expect a further c. $6 million revenue impact in the second half of 2017;
- Advanced Pouching System ("APS") - portfolio changes for these Ostomy Care products have been determined and lines implemented in Haina and Slovakia;
- c. 80% of our manufacturing workforce are now trained in LEAN manufacturing principles; and
- c. 84% of our manufacturing workforce are now in lower cost locations.

Our key focus areas for the second half of the year will be the completion of the Dominican Republic process qualifications and in Slovakia, completion of the validation milestones including for Ostomy Care adhesives equipment and for new APS closed pouch lines, along with ramping up Ostomy Care and Advanced Wound Care production in Haina and Ostomy Care in Slovakia. We will continue to develop our continuous improvement culture and our Sourcing Excellence capabilities.

People

We are pleased to announce the appointment of Dr Ros Rivaz as a Non-Executive Director of the Company. Dr Rivaz's non-executive Board experience spans FTSE100, large private and not-for-profit organisations. She has also held a range of senior executive management roles across major FTSE100 and international businesses. From 2011 to 2014 she was Global Chief Operating Officer of Smith & Nephew, having previously served in senior Operations, Manufacturing and Supply Chain roles at Premier Foods, Diageo, ICI, and Tate & Lyle. Dr Rivaz has a detailed understanding of the medical products and technology sector, and will make a valuable contribution to ConvaTec.

During July Antonio La Regina, our President of EMEA region, left the Group. Frank Gehres, General Manager of DACH and UKI, has assumed the role of Interim President, EMEA.

It was announced separately today that Nigel Clerkin, Group CFO, will be leaving the Company. The Board of ConvaTec decided that the position of Group CFO should be relocated to the Head Office in Reading and Nigel concluded that he did not wish to move his family from Dublin. Frank Schulkes, who until 2015 was CFO and Executive Vice President of GE Healthcare and latterly CFO of Wittur Group, has been appointed CFO Designate of ConvaTec. Nigel will remain in his position until 31 October 2017, to ensure a full and proper handover of his responsibilities to Frank.

Acquisition of Woodbury Holdings

On 20 July 2017, the Group announced an agreement to acquire Woodbury, a U.S.-based independent national distributor of incontinence and catheter-related supplies, from MTS Health Investors LLC for an enterprise value of $120.5 million. Woodbury distributes a broad product portfolio of over 500 incontinence and over 650 catheter products nationally across the U.S., along with a wide array of nutritional, enteral feeding and vascular compression products. Upon completion of the transaction, which is expected to close in the third quarter of 2017, earnings from Woodbury will be immediately accretive to the financial accounts of ConvaTec Group Plc. Refer to note 16 - Subsequent events for further details.

Outlook and Guidance

The outlook for the Group is unchanged from that announced at the time of the full year 2016 results on 2 March 2017.

We expect to deliver an organic revenue growth rate greater than the 2016 rate at CER, reflecting the contribution from new products and expansion of our portfolio into new geographic areas, as well as continuing to build on our leading market positions in all of our franchises. This guidance incorporates approximately 1% point of negative headwind resulting from the impact of product rationalisation in connection with our MIP Programme (c. $15 million full year effect) and excludes the first year of revenue contribution from our recently acquired EuroTec business (2016 revenues of €10 million) and Woodbury (2016 revenues of $50 million).

We continue to expect revenue growth to be weighted towards the second half of the year reflecting the timing of our product rationalisation MIP initiatives, the anticipated impact of product launches, and some timing impacts within our Ostomy Care and Infusion Devices franchises, specifically annualisation of U.S. GPO contract renewals in Ostomy Care and customer product launches in Infusion Devices.

Foreign exchange continues to impact our business and we now expect reported revenue growth to be favourably impacted by approximately 0.5 percentage points based on current spot rates.

With regards to our MIP Programme, we continue to expect to deliver approximately half of our targeted 300 bps gross margin benefit cumulatively during 2017.

We expect capital expenditure of 2-3% of revenue with a further $50 million related to the MIP Programme in the full year. We expect to incur $15 million of incremental public company related costs in 2017.

Our adjusted tax rate is expected to be broadly in line with the full 2016 pro forma effective tax rate.

Principal risks and uncertainties

The Group has a robust risk management process in place to identify, evaluate and manage the identified risks that could impact the Group's performance. The current risks, together with an explanation of the impact and mitigation actions, are set out in the 2016 Annual Report on pages 28 to 33. The Group has reviewed these risks and concluded that they represent the current position and remain relevant for the first half of the financial year. A summary of the relevant key risks and uncertainties is: macroeconomic and foreign exchange; governmental social health care policy; intellectual property and product innovation; regulatory; product quality and safety; ethics, bribery and corruption; data loss/mistreatment.

Going concern

The Group has adequate financial resources and its customers and suppliers are diversified across different geographic areas. The directors believe the Group is well placed to manage its business risks successfully. The directors have a reasonable expectation and a high level of confidence that the Group has the adequate liquid resources to meet its liabilities as they become due and will be able to sustain its business model, strategy and operations and remain solvent for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing these Condensed Consolidated Financial Statements.

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(3) Constant exchange rates ("CER") growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. Growth at CER includes $5.3 million revenue from EuroTec in the six months ended 30 June 2017. Excluding EuroTec, organic growth in the six months ended 30 June 2017 was 1.5% for total revenue, and 2.4% for Ostomy Care.

(4) Organic growth presents period over period growth at CER, excluding M&A activities.

Financial Review

Overview of First Half 2017 Financial Results

ConvaTec results for the six months ended 30 June 2017

	Adjusted results[1]				Reported results			
	Six months ended 30 June				Six months ended 30 June			
	2017	2016	Growth at CER[3]	Organic growth[4]	2017	2016	Growth at CER[3]	Organic growth[4]
	$m (unless stated)				$m (unless stated)			
Revenue	**831.3**	**828.9**	**2.1%**	**1.5%**	**831.3**	**828.9**	**2.1%**	**1.5%**
Cost of goods sold	(330.1)	(341.1)			(402.3)	(430.5)		
Gross profit	501.2	487.8			429.0	398.4		
Gross margin %	*60.3%*	*58.8%*			*51.6%*	*48.1%*		
Operating expenses	(307.7)	(278.8)			(336.2)	(339.7)		
EBIT/Operating profit	**193.5**	**209.0**	**(11.6)%**	**(12.2)%**	**92.8**	**58.7**	**33.5%**	**34.6%**
EBIT/Operating margin %	*23.3%*	*25.2%*			*11.2%*	*7.1%*		
Finance costs	(29.3)	(131.1)			(29.3)	(131.1)		
Other (expense) income, net	(20.6)	—			(18.0)	23.8		
Profit (loss) before income taxes	143.6	77.9			45.5	(48.6)		
Income tax expense	(25.0)	(24.8)			(21.3)	(24.1)		
Net profit (loss)[5]	**118.6**	**53.1**			**24.2**	**(72.7)**		
Basic EPS ($ per share)[5]	**0.06**	**0.04**			**0.01**	**(0.06)**		
Diluted EPS ($ per share)[5]	**0.06**	**0.04**			**0.01**	**(0.06)**		
Dividend per share[2]	—	—			**1.4 cents**	—		

(1) Refer to the Non-IFRS Financial Information below for information related to adjustments. The adjustments from reported to adjusted include acquisition-related amortisation, pre-IPO share-based compensation expense, and restructuring and other costs mainly related to the MIP programme. In addition, the six months ended 30 June 2016 include an adjustment to exclude foreign exchange related transactions arising from pre-IPO structure.

(2) On 2 August 2017, the Board declared the first interim dividend to be distributed on 20 October 2017 in the total amount of $27.7 million, representing 1.4 cents per share based upon the issued and fully paid share capital as at 30 June 2017.

(3) CER growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. Growth at CER includes $5.3 million revenue from EuroTec in the six months ended 30 June 2017. Excluding EuroTec, organic growth in the six months ended 30 June 2017 was 1.5% for total revenue, and 2.4% for Ostomy Care.

(4) Organic growth presents period over period growth at CER, excluding M&A activities.

(5) Pro forma net profit and EPS for the six months ended 30 June 2016 were $151.1 million and $0.08, respectively. These reflect the post-IPO debt structure as if it had been in place as at 1 January 2016.

Non-IFRS financial information

The statement contains certain financial measures that are not defined or recognised under IFRS. These measures are referred to as “Adjusted” measures and this information has been provided to permit a more complete and comprehensive analysis of the Group’s operating performance, consistent with how the Group’s business performance is evaluated by management. All adjusted measures are explained and reconciled to the most directly comparable measure prepared in accordance with IFRS on pages 13 to 17.

Revenue

On a reported basis, revenue increased 0.3%, to $831.3 million for the six months ended 30 June 2017 from $828.9 million for the six months ended 30 June 2016. On a constant exchange rate basis and excluding M&A activities, revenue increased 1.5% for the six months ended 30 June 2017. Reported revenue was primarily impacted by unfavourable foreign exchange rate movement of the British Pound sterling compared to the US dollar ("USD") (the average British Pound sterling exchange rate was $1.26 for the six months ended 30 June 2017 compared to $1.43 for the six months ended 30 June 2016), partially offset by a first time contribution from EuroTec acquisition.

Cost of goods sold

Adjusted gross profit margin excluding impacts from amortisation of certain intangible assets and certain non-recurring costs for the six months ended 30 June 2017 was 60.3%, as compared with 58.8% for the six months ended 30 June 2016. This 150 bps improvement in the Group's adjusted gross margin percentage reflected additional benefits (40 bps) from the continuing implementation of the MIP Programme, along with favourable foreign exchange impacts (110 bps). Refer to *Non-IFRS Financial Information* below for further details.

Reported cost of goods sold decreased $28.2 million, or 6.6%, to $402.3 million for the six months ended 30 June 2017 from $430.5 million for the six months ended 30 June 2016, primarily due to a decrease in restructuring and other related costs of $10.5 million, manufacturing efficiencies realised from the continuing implementation of the MIP Programme and favourable foreign exchange impacts, partially offset by increased volumes sold. For additional information related to restructuring costs, refer to note 14 - Provisions. As a percentage of revenue, cost of goods sold decreased to 48.4% for the six months ended 30 June 2017 from 51.9% for the six months ended 30 June 2016.

On a reported basis, gross profit (revenue less cost of goods sold) increased $30.6 million, or 7.7%, and gross profit margin (gross profit as a percentage of revenue) was 51.6% and 48.1% for the six months ended 30 June 2017 and 2016, respectively.

Operating costs and expenses

The following is a summary of operating costs and expenses for the six months ended 30 June 2017 and 2016, and the percentage of each category compared with total revenue in the respective period. Percentages may not sum due to rounding.

	Six months ended 30 June			
	2017	**2016**		
Operating costs and expenses - adjusted(1):	**$m**	**$m**	**2017(2)**	**2016(2)**
Selling and distribution expenses	(186.5)	(177.2)	22.4%	21.4%
General and administrative expenses	(99.3)	(82.3)	11.9%	9.9%
Research and development expenses	(21.9)	(19.3)	2.6%	2.3%
Total operating costs and expenses - adjusted(1)	**(307.7)**	**(278.8)**	**37.0%**	**33.6%**

	Six months ended 30 June			
	2017	**2016**		
Operating costs and expenses - reported:	**$m**	**$m**	**2017(2)**	**2016(2)**
Selling and distribution expenses	(186.5)	(178.1)	22.4%	21.5%
General and administrative expenses	(127.3)	(141.9)	15.3%	17.1%
Research and development expenses	(22.4)	(19.7)	2.7%	2.4%
Total operating costs and expenses - reported	**(336.2)**	**(339.7)**	**40.4%**	**41.0%**

	Six months ended 30 June	
	2017	**2016**
Other costs and net (expenses) income - reported:	**$m**	**$m**
Finance costs	(29.3)	(131.1)
Other (expense) income, net	(18.0)	23.8
Income tax expense	(21.3)	(24.1)

(1) Refer to the *Non-IFRS Financial Information* below for information related to adjustments.

(2) Represents the percentage of revenue.

Selling and distribution expenses

Reported selling and distribution expenses increased $8.4 million, or 4.7%, to $186.5 million for the six months ended 30 June 2017 from $178.1 million for the six months ended 30 June 2016. As a percentage of revenue, selling and distribution expenses were 22.4% and 21.5% for the six months ended 30 June 2017 and 2016, respectively. On a constant exchange rate basis, selling and distribution expenses increased $12.5 million (7.0%), primarily due to an increase in employee related costs and marketing spend to support key product and service launches.

General and administrative expenses

As a percentage of revenue, adjusted general and administrative expenses were 11.9% and 9.9% for the six months ended 30 June 2017 and 2016, respectively. On a constant exchange rate basis and excluding other income and expense items discussed under *Non-IFRS Financial Information* below, adjusted general and administrative expenses increased by $19.6 million (23.8%), primarily due to ongoing investment to support regional growth, continuing investment in patient support in Ostomy Care and additional costs as a result of becoming a publicly listed company of $7.2 million.

Reported general and administrative expenses decreased $14.6 million, or 10.3%, to $127.3 million for the six months ended 30 June 2017 from $141.9 million for the six months ended 30 June 2016. As a percentage of revenue, general and administrative expenses were 15.3% and 17.1% for the six months ended 30 June 2017 and 2016, respectively. On a constant exchange rate basis, general and administrative expenses decreased $9.2 million (6.5%), primarily due to a decrease in share-based compensation expense of $10.9 million, mainly due to pre-IPO equity compensation expense.

Research and development expenses ("R&D")

On a constant exchange rate basis and excluding other income and expense items discussed under *Non-IFRS Financial Information* below, adjusted R&D expenses increased by $4.3 million (22.3%).

Reported R&D expenses increased $2.7 million, or 13.7%, to $22.4 million for the six months ended 30 June 2017 from $19.7 million for the six months ended 30 June 2016, primarily driven by investment in the development of new catheter and NPWT products. As a percentage of revenue, R&D expenses were 2.7% and 2.4% for the six months ended 30 June 2017 and 2016, respectively. On a constant exchange rate basis, R&D expenses increased $4.4 million (22.2%).

Operating profit

Adjusted operating profit decreased $15.5 million, or 7.4%, to $193.5 million for the six months ended 30 June 2017 from $209.0 million for the six months ended 30 June 2016, due to overall increases in the Group's operating expenses, as described above, offset by higher revenue and an increase in gross margin.

Adjusted operating costs and expenses as a percentage of sales was 37.0% in the first half (2016: 33.6%), reflecting the phasing of operating expenses, which was weighted towards the first half with revenue growth weighed towards the second half of the year.

As a percentage of revenue, adjusted operating profit was 23.3% and 25.2% for the six months ended 30 June 2017 and 2016, respectively. On a constant exchange rate basis, adjusted operating profit decreased $24.1 million, or 11.6% for the six months ended 30 June 2017.

Reported operating profit increased $34.1 million, or 58.1%, to $92.8 million for the six months ended 30 June 2017 from $58.7 million for the six months ended 30 June 2016, primarily due to an increase in gross margin as described above. As a percentage of revenue, operating profit was 11.2% and 7.1% for the six months ended 30 June 2017 and 2016, respectively.

Other costs and net (expenses) income

Finance costs

Finance costs decreased $101.8 million, to $29.3 million for the six months ended 30 June 2017 from $131.1 million for the six months ended 30 June 2016, primarily reflecting the following: (i) a decrease in interest expense on long-term borrowings of $99.9 million and (ii) a decrease in the non-cash amortisation of debt discounts and deferred financing fees of $2.5 million.

The decrease in interest expense was primarily driven by (i) the October 2016 redemption of the Payment-in-Kind notes ("PIK Notes") due 15 January 2019, the 10.5% senior notes due 2018 ("US Dollars Senior Notes") and the 10.875% senior notes due 2018 ("Euro Senior Notes") and (ii) a lower interest rate on the Group's credit facilities as a result of the October 2016 financing.

Other (expense) income, net

Other expense, net was $18.0 million for the six months ended 30 June 2017, compared with other income, net of $23.8 million for the six months ended 30 June 2016, reflecting a change of $41.8 million, primarily driven by (i) the foreign exchange net losses related to intercompany transactions, including loans transacted in non-functional currencies and (ii) the foreign currency impact on re-measurement of the Group's long-term borrowings denominated in non-functional currency for the six months ended 30 June 2016, partially offset by (iii) a gain on the sale of certain assets in Malaysia. Refer to note 4 - Other (expense) income, net for further information.

Income tax expense

For the six months ended 30 June 2017, the Group recorded an income tax expense of $21.3 million and for the six months ended 30 June 2016, the Group recorded an income tax expense of $24.1 million. The $2.8 million decrease in income tax expense for the six months ended 30 June 2017 as compared to the six months ended 30 June 2016 was impacted by change in profit or loss before tax mix of jurisdictions with different tax rates.

After adjusting for certain financial measures which the Group believes are useful supplemental indicators of future operating performance (see reconciliation to adjusted earnings for the six months ended 30 June 2017 and 2016), the adjusted tax rate on continuing operations was 17.4% and 31.8% for these periods, respectively.

The Group's pro forma effective tax rate was 16.6% for the six months ended 30 June 2016. Refer to the *Non-IFRS Financial Information* below for further details.

Net profit (loss)

Adjusted net profit increased $65.5 million, to $118.6 million for the six months ended 30 June 2017 from $53.1 million for the six months ended 30 June 2016. As a percentage of revenue, adjusted net profit was 14.3% and 6.4% for the six months ended 30 June 2017 and 2016, respectively. The increase was primarily driven by (i) a decrease in finance costs as described above, offset by (ii) lower operating profit, driven by overall increases in the Group's operating expenses (discussed above), partially offset by strong gross margin.

As a result of all of the above, reported net profit was $24.2 million for the six months ended 30 June 2017, compared to a net loss of $72.7 million for the six months ended 30 June 2016, reflecting a change of $96.9 million.

Earnings per share

On an adjusted basis, earnings per share was 6 cents, compared to 4 cents for the first half of 2016, resulting from the change in adjusted net profit as outlined above. Reported earnings per share was 1 cent in the first half of 2017, compared to a loss of 6 cents in the same period in 2016.

Dividend

As noted above, on 2 August 2017, the Board declared the first interim dividend to be distributed on 20 October 2017 to shareholders registered at the close of business on 8 September 2017 in the total amount of $27.7 million, representing 1.4 cents per share based upon the issued and fully paid share capital as at 30 June 2017. The dividend was declared in USD and will be paid in Sterling at the chosen exchange rate of $1.32/£1.00 determined on 2 August 2017. A scrip dividend alternative shall be offered in respect of the first interim dividend, allowing shareholders to elect by 29 September 2017 to receive their dividend in the form of new ordinary shares. See note 6 - Dividends for further details.

This is in line with our intention, as indicated at the time of our listing in 2016, to pay an interim dividend in respect of the six months ended 30 June 2017, based on a target payout ratio of 35% of the first six months of Adjusted Net income annualised for a full year.

Exchange rates

The table set out below summarises the exchange rates used for the translation of currencies into USD that have the most significant impact on the Group's results:

		30 June		31 December
Currency	**Average rate/Closing rate**	**2017**	**2016**	**2016**
USD/EUR	Average	1.08	1.12	1.11
	Closing	1.14	1.11	1.05
USD/GBP	Average	1.26	1.43	1.36
	Closing	1.30	1.33	1.23
USD/DKK	Average	0.15	0.15	0.15
	Closing	0.15	0.15	0.14

Non-IFRS Financial Information

This report contains certain financial measures that are not defined or recognised under IFRS. These measures are referred to as "Adjusted" measures and include: Adjusted Cost of goods sold, Adjusted Gross margin, Adjusted Selling and distribution expenses, Adjusted General and administrative expenses, Adjusted Research and development expenses, Adjusted Operating profit ("Adjusted EBIT"), Adjusted Profit before tax, Adjusted Finance costs, Adjusted Other (expense) income, net, Adjusted Net profit, Adjusted Earnings per share (shown collectively in the reconciliation to adjusted earnings, below), Adjusted EBITDA (defined below), and Cash conversion. These measures are not measurements of financial performance or liquidity under IFRS and should not replace measures of liquidity or operating profit that are derived in accordance with IFRS.

The Group believes these measures are useful supplemental indicators that may be used to assist in evaluating the Group's operating performance, which management uses to assess and measure the Group's operating performance. Accordingly, this information has been disclosed to permit a more complete and comprehensive analysis of the Group's operating performance, consistent with how the Group's business performance is evaluated by management. Items adjusted for the six months ended 30 June 2017 and 2016 include acquisition-related amortisation, share-based compensation expense arising from pre-IPO employee equity grants and restructuring and other costs primarily related to the MIP Programme.

Reconciliation to adjusted earnings - for the six months ended 30 June 2017 and 2016

		Adjustments							
	Reported	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Adjusted
Six months ended 30 June 2017	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue	831.3	—	—	—	—	—	—	—	831.3
Cost of goods sold	(402.3)	63.3	8.7	0.2	—	—	—	—	(330.1)
Gross profit	**429.0**	**63.3**	**8.7**	**0.2**	**—**	**—**	**—**	**—**	**501.2**
Gross Margin %	*51.6%*								*60.3%*
Selling and distribution expenses	(186.5)	—	—	—	—	—	—	—	(186.5)
General and administrative expenses	(127.3)	6.2	0.8	1.9	—	—	18.0	1.1	(99.3)
Research and development expenses	(22.4)	—	0.5	—	—	—	—	—	(21.9)
Operating profit	**92.8**	**69.5**	**10.0**	**2.1**	**—**	**—**	**18.0**	**1.1**	**193.5**
Operating Profit %	*11.2%*								*23.3%*
Finance costs	(29.3)	—	—	—	—	—	—	—	(29.3)
Other expense, net	(18.0)	(2.6)	—	—	—	—	—	—	(20.6)
Profit before income taxes	**45.5**	**66.9**	**10.0**	**2.1**	**—**	**—**	**18.0**	**1.1**	**143.6**
Income tax expense[h]	(21.3)								(25.0)
Net profit	**24.2**								**118.6**
Net Profit %	*2.9%*								*14.3%*
Basic Earnings Per Share ***($ per share)***	**0.01**								**0.06**
Diluted Earnings Per Share ***($ per share)***	**0.01**								**0.06**

		Adjustments							
	Reported	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Adjusted
Six months ended 30 June 2016	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue	828.9	—	—	—	—	—	—	—	828.9
Cost of goods sold	(430.5)	70.2	19.2	—	—	—	—	—	(341.1)
Gross profit	**398.4**	**70.2**	**19.2**	**—**	**—**	**—**	**—**	**—**	**487.8**
Gross Margin %	*48.1%*								*58.8%*
Selling and distribution expenses	(178.1)	—	0.9	—	—	—	—	—	(177.2)
General and administrative expenses	(141.9)	11.1	0.6	5.4	0.4	—	34.4	7.7	(82.3)
Research and development expenses	(19.7)	—	0.4	—	—	—	—	—	(19.3)
Operating profit	**58.7**	**81.3**	**21.1**	**5.4**	**0.4**	**—**	**34.4**	**7.7**	**209.0**
Operating Profit %	*7.1%*								*25.2%*
Finance costs	(131.1)	—	—	—	—	—	—	—	(131.1)
Other income, net	23.8	—	—	—	—	(23.8)	—	—	—
(Loss) profit before income taxes	**(48.6)**	**81.3**	**21.1**	**5.4**	**0.4**	**(23.8)**	**34.4**	**7.7**	**77.9**
Income tax expense[h]	(24.1)								(24.8)
Net (loss) profit	**(72.7)**								**53.1**
Net (Loss) Profit %	*(8.8)%*								*6.4%*
Basic Earnings Per Share ***($ per share)***	**(0.06)**								**0.04**
Diluted Earnings Per Share ***($ per share)***	**(0.06)**								**0.04**

(a) Represents an adjustment to exclude (i) acquisition-related amortisation expense of $67.2 million and $69.2 million for the six months ended 30 June 2017 and 2016, respectively, (ii) accelerated depreciation of $1.3 million and $7.0 million for the six months ended 30 June 2017 and 2016, respectively, related to the closure of certain manufacturing facilities, (iii) impairment charges and assets write-offs related to property, plant and equipment and intangible assets of $5.1 million, in the aggregate, for the six months ended 30 June 2016, (iv) a $2.6 million gain on the sale of fully depreciated assets in Malaysia during the six months ended 30 June 2017, and (v) an acquisition accounting adjustment of $1.0 million related to acquired inventories that were sold during the six months ended 30 June 2017.

(b) Represents restructuring costs and other-related costs (excluding accelerated depreciation described above under (a)) primarily incurred in connection with the MIP Programme. Refer to note 14 - Provisions for further details related to the restructuring costs.

(c) Represents remediation costs which include regulatory compliance costs related to Food and Drug Administration activities, IT enhancement costs, and professional service fees associated with activities that were undertaken in respect of the Group's compliance function and to strengthen its control environment within finance.

(d) Represents costs related to corporate development activities.

(e) Represents an adjustment for the six months ended 30 June 2016 to exclude foreign exchange related transactions (refer to note 4 - Other (expense) income, net for further information).

(f) Represents an adjustment to exclude (i) share-based compensation expense of $18.0 million and $32.2 million for the six months ended 30 June 2017 and 2016, respectively, arising from pre-IPO employee equity grants and (ii) pre-IPO ownership structure related costs, including management fees to Nordic Capital and Avista (refer to note 15 - Related party transactions for further information).

(g) Represents IPO related costs, primarily advisory fees.

(h) Adjusted income tax expense is income tax expense net of tax adjustments.

Pro forma earnings per share

Pro forma basic and diluted earnings per share is computed as pro forma adjusted net profit allocated to each outstanding share of common stock as if the Group's shares outstanding at 30 June 2016 were outstanding for the six months ended 30 June 2016 (no dilutive awards were outstanding at 30 June 2016).

	Six months ended 30 June
	2016
	$m
Adjusted net profit	**53.1**
Pro forma interest adjustment	103.2
Tax effect of pro forma interest adjustment	(5.2)
Pro forma adjusted net profit[(1)]	**151.1**
Pro forma basic and diluted earnings per share ($ per share)	**0.08**
Pro forma effective tax rate	**16.6%**

(1) Pro forma adjusted net profit is computed as adjusted net profit further adjusted to reflect the post-IPO debt structure as if it had been in place as of 1 January 2016.

Adjusted EBITDA

Adjusted EBITDA is defined as Adjusted EBIT (defined above) further adjusted to exclude (i) software and R&D amortisation, (ii) depreciation, and (iii) post-IPO employee share-based compensation.

The following table reconciles the Group's Adjusted EBIT to Adjusted EBITDA.

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Adjusted EBIT	**193.5**	**209.0**
Software and R&D amortisation(1)	3.7	3.2
Depreciation(2)	15.9	14.0
Post-IPO share-based compensation(3)	3.3	—
Adjusted EBITDA	**216.4**	**226.2**

(1) The following is a summary of software and R&D amortisation as recorded in the Condensed Consolidated Statement of Profit or Loss for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Cost of goods sold	—	0.3
General and administrative expenses	3.6	2.9
Research and development expenses	0.1	—
Software and R&D amortisation	3.7	3.2

(2) The following is a summary of depreciation (excluding accelerated depreciation), as recorded in the Condensed Consolidated Statement of Profit or Loss for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Cost of goods sold	13.5	11.7
Selling and distribution expenses	0.1	0.1
General and administrative expenses	1.9	1.7
Research and development expenses	0.4	0.5
Depreciation, excluding accelerated depreciation	15.9	14.0

(3) The share-based compensation related to the share awards granted in November 2016 and during the six months ended 30 June 2017 was recorded in General and administrative expenses in the Condensed Consolidated Statement of Profit or Loss.

Cash conversion

The Group believes that cash conversion is a useful supplemental metric that provides a measure of efficiency by which the Group is able to turn profit from operations into cash flow to service the requirements of debt and equity investors, as well as paying for the Group's tax obligations, re-investing in the business for growth and enhancing dividend capacity.

Cash conversion is computed as the ratio of Adjusted EBITDA less change in working capital and capital expenditure to Adjusted EBITDA.

The computation of cash conversion for the six months ended 30 June 2017 and 2016 is as follows:

	Six months ended 30 June	
	2017	2016
	$m	$m
Adjusted EBITDA	216.4	226.2
Working capital increase	(15.6)	(12.2)
PP&E purchases	(38.5)	(30.2)
	162.3	**183.8**
Cash conversion	**75.0%**	**81.3%**

Cash conversion is also computed as the ratio of net cash generated from operating activities adjusted for (i) cash interest payments, (ii) cash tax payments, and (iii) other payments within operating activities, less capital expenditure to Adjusted EBITDA. The resulting cash conversion figures are the same under either definition.

The computation of cash conversion for the six months ended 30 June 2017 and 2016 is as follows:

	Six months ended 30 June	
	2017	2016
	$m	$m
Net cash generated from operating activities	**120.9**	**53.0**
Add:		
Cash interest payments	36.0	128.1
Cash tax payments	15.4	13.9
Other payments[(1)]	28.5	19.0
Less:		
PP&E Purchases	(38.5)	(30.2)
	162.3	**183.8**
Adjusted EBITDA	**216.4**	**226.2**
Cash conversion	**75.0%**	**81.3%**

(1) Other payments represent payments related to restructuring and other related costs, remediation costs, ownership structure costs and corporate development costs.

Financial Position

Selected measures of financial position

The following table presents a summary of the Group's financial position at 30 June 2017 and 31 December 2016:

	30 June 2017	31 December 2016	Change	
Asset (liability)	**$m**	**$m**	**$m**	**%**
Long-lived assets[(1)]	2,764.7	2,707.2	57.5	2.1%
Cash and cash equivalents	302.5	264.1	38.4	14.5%
Long-term borrowings, including current portion	(1,808.9)	(1,775.6)	(33.3)	1.9%

(1) Long-lived assets comprise property, plant and equipment, intangible assets, and goodwill.

Long-lived assets

Long-lived assets increased $57.5 million, or 2.1%, to $2,764.7 million at 30 June 2017, from $2,707.2 million at 31 December 2016, primarily due to (i) an increase from foreign currency exchange of $85.7 million, (ii) additions of property, plant, and equipment of $32.8 million, and (iii) long-lived assets from the EuroTec acquisition of $24.7 million, partially offset by (iv) the depreciation of property, plant, and equipment and amortisation of intangible assets of $88.1 million, in the aggregate.

Cash and cash equivalents

Cash and cash equivalents increased $38.4 million, or 14.5%, to $302.5 million at 30 June 2017, from $264.1 million at 31 December 2016, primarily due to (i) cash generated from operating activities of $120.9 million and (ii) the effect of exchange rate changes on cash and cash equivalents of $11.4 million. These increases were partially offset by (i) purchases of property, plant, and equipment and capitalised software of $38.5 million, (ii) $25.4 million paid in connection with the EuroTec acquisition in January 2017, (iii) scheduled June 2017 amortisation payments of $19.6 million, in the aggregate, related to the credit facilities, and (iv) $10.5 million of accrued costs paid in connection with issue of share capital in October 2016.

Long-term borrowings

Long-term borrowings increased $33.3 million, or 1.9%, to $1,808.9 million at 30 June 2017, from $1,775.6 million at 31 December 2016, primarily due to (i) the foreign currency impact on the Euro denominated long-term borrowings and (ii) the non-cash amortisation of deferred financing fees and debt discounts. These increases were partially offset by the scheduled June 2017 amortisation payments of $19.6 million, in the aggregate, related to the credit facilities. The net debt to last twelve months adjusted EBITDA ratio was 3.0x as of 30 June 2017. The net debt to adjusted EBITDA ratio was 3.0x as of 31 December 2016.

Liquidity and Capital Resources

Overview

At 30 June 2017, the Group's cash and cash equivalents were $302.5 million. Additionally, at 30 June 2017, the Group had $193.6 million of availability under the revolving credit facility. Restricted cash was $5.1 million at both 30 June 2017 and 31 December 2016.

The Group's primary source of liquidity is cash flow generated from operations. Historically, the non-elective nature of the Group's product offerings has resulted in significant recurring cash inflows. The Group generated $120.9 million of cash from operating activities for the six months ended 30 June 2017. Significant cash uses for the six months ended 30 June 2017 included (i) capital expenditures of $38.5 million, (ii) interest payments of $36.0 million, (iii) $25.4 million for the EuroTec acquisition, (iv) scheduled June 2017 amortisation payments of $19.6 million, in the aggregate, related to the credit facilities, and (v) income tax payments of $15.4 million.

The Group's business may not continue to generate cash flow at current levels and, if it is unable to generate sufficient cash flow from operations to service its debt, the Group may be required to reduce costs and expenses, sell assets, reduce capital expenditures, refinance all or a portion of existing debt or obtain additional financing. The Group may not be able to complete these initiatives on a timely basis, on satisfactory terms, or at all. The Group's ability to make scheduled principal payments or to pay interest on or to refinance its indebtedness depends on the Group's future performance and financial results, which, to a certain extent, are subject to general conditions in or affecting the healthcare industry and to general economic, political, financial, competitive, legislative and regulatory factors beyond the Group's control.

The Group believes that the business has characteristics of strong cash flow generation. The Group's strengths include the recurring, non-discretionary nature of its products, its diverse product offering and geographic footprint, and the strong market position of the Group's leading brands. The Group believes that its existing cash on hand, combined with the Group's operating cash flow and available borrowings under the credit facilities will provide sufficient liquidity to fund current obligations, working capital and capital expenditure requirements, as well as future investment opportunities.

Cash flows

The following table displays cash flow information for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Net cash generated from operating activities	120.9	53.0
Net cash used in investing activities	(62.2)	(27.8)
Net cash used in financing activities	(31.7)	(21.5)
Net change in cash and cash equivalents	27.0	3.7
Cash and cash equivalents at beginning of the period	264.1	273.0
Effect of exchange rate changes on cash and cash equivalents	11.4	(2.2)
Cash and cash equivalents at end of the period	302.5	274.5

Cash flows from operating activities

Net cash generated from operating activities was $120.9 million and $53.0 million for the six months ended 30 June 2017 and 2016, respectively. The following table sets forth the components of net cash generated from operating activities for the six months ended 30 June 2017 and 2016:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Adjusted EBITDA	**216.4**	**226.2**
Cash interest payments	(36.0)	(128.1)
Cash tax payment	(15.4)	(13.9)
Other payments	(28.5)	(19.0)
Working capital increase	(15.6)	(12.2)
Net cash generated from operating activities	**120.9**	**53.0**

Cash interest payments decreased $92.1 million, to $36.0 million for the six months ended 30 June 2017, from $128.1 million for the six months ended 30 June 2016, primarily due to a decrease in the interest payments related to (i) the redemption in October 2016 of the PIK Notes, US Dollar Senior Notes and Euro Senior Notes and (ii) a lower interest rates on the Group's credit facilities as a result of the October 2016 financing. These decreases were partially offset by an incremental interest payments related to the Group's credit facilities, as the first interest payment was made on 31 March 2017 since the October 2016 financing.

The other payments increased $9.5 million, to $28.5 million for the six months ended 30 June 2017, from $19.0 million for the six months ended 30 June 2016, primarily driven by an increase in payments related to service fees associated with MIP-related activities and the payments of cash-settled AEP and MEP awards.

The working capital increase of $15.6 million and $12.2 million for the six months ended 30 June 2017 and 2016, respectively, was primarily related to timing of receipts, purchases, and payments in the ordinary course of business.

Cash flows from investing activities

Net cash used in investing activities increased $34.4 million, to $62.2 million for the six months ended 30 June 2017, from $27.8 million for the six months ended 30 June 2016. The increase was primarily due to (i) $25.4 million related to the EuroTec acquisition in January 2017 and (ii) an increase in capital expenditures of $8.3 million mostly related to additional capacity for the Infusion Device product portfolio and continued investment in the MIP Programme.

Cash flows from financing activities

Net cash used in financing activities increased $10.2 million, to $31.7 million for the six months ended 30 June 2017, from $21.5 million for the six months ended 30 June 2016, primarily due to (i) an increase of $15.5 million in quarterly amortisation payments under the Group's credit facilities, (ii) $10.5 million of accrued costs paid in connection with issue of share capital in October 2016, and (iii) deferred financing fees paid of $1.4 million. These increases were partially offset by $17.4 million in mandatory prepayments for excess cash retained in the business under the Group's credit facilities during the six months ended 30 June 2016.

INDEPENDENT REVIEW REPORT TO CONVATEC GROUP PLC

We have been engaged by the group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Condensed Consolidated Statement of Profit or Loss, the Condensed Consolidated Statement of Comprehensive Income / (Loss), the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the group in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the group those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the group a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Deloitte LLP

Statutory Auditor
London, United Kingdom
2 August 2017

Condensed Consolidated Statement of Profit or Loss

		Six months ended 30 June		Year ended 31 December
		2017	2016	2016
	Notes	$m	$m	$m
		(unaudited)	*(audited)* [1]	*(audited)*
Revenue	2	831.3	828.9	1,688.3
Cost of goods sold	10	(402.3)	(430.5)	(821.0)
Gross profit		**429.0**	**398.4**	**867.3**
Selling and distribution expenses		(186.5)	(178.1)	(357.0)
General and administrative expenses	10	(127.3)	(141.9)	(318.2)
Research and development expenses	10	(22.4)	(19.7)	(38.1)
Operating profit		**92.8**	**58.7**	**154.0**
Finance costs	3	(29.3)	(131.1)	(271.4)
Other (expense) income, net	4	(18.0)	23.8	(8.4)
Profit (loss) before income taxes		**45.5**	**(48.6)**	**(125.8)**
Income tax expense	5	(21.3)	(24.1)	(77.0)
Net profit (loss)		**24.2**	**(72.7)**	**(202.8)**
Earnings Per Share				
Basic earnings (loss) per share ($ per share)	7	0.01	(0.06)	(0.15)
Diluted earnings (loss) per share ($ per share)	7	0.01	(0.06)	(0.15)

(1) Audited financial information for the six months ended 30 June 2016 was prepared and presented in the Group's 2016 Prospectus which represented the first IFRS financial statements of the Group.

All results are attributable to equity holders of the Group and wholly derived from continuing operations. The Notes on pages 28 to 41 form an integral part of the Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Comprehensive Income (Loss)

		Six months ended 30 June		Year ended 31 December
		2017	2016	2016
	Notes	$m	$m	$m
		(unaudited)	*(audited)* [1] *(restated)*[2]	*(audited)*
Net profit (loss)		**24.2**	**(72.7)**	**(202.8)**
Other comprehensive income				
Items that will not be reclassified subsequently to Statement of Profit or Loss				
Remeasurement of defined benefit obligation, net of tax		(0.1)	0.7	(0.4)
Recognition of the pension assets restriction		(0.1)	—	(6.3)
Items that may be reclassified subsequently to Statement of Profit or Loss				
Exchange differences on translation of foreign operations[2]		73.9	(138.4)	(183.9)
Effective portion of changes in fair value of cash flow hedges	13	(0.7)	—	—
Income tax relating to items that may be reclassified		0.4	4.3	31.6
Other comprehensive income (loss)		**73.4**	**(133.4)**	**(159.0)**
Total comprehensive income (loss)		**97.6**	**(206.1)**	**(361.8)**

(1) Audited financial information for the six months ended 30 June 2016 was prepared and presented in the Group's 2016 Prospectus which represented the first IFRS financial statements of the Group.

(2) Reflects the non-cash adjustment of $135.7 million for the six months ended 30 June 2016 due to the restatement (which solely impacted the translation of foreign exchange on goodwill reflected through the cumulative translation reserve) as described in note 14 of the annual accounts of the Group for the year ended 31 December 2016.

All amounts are attributable to equity holders of the Group and wholly derived from continuing operations.

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2017	31 December 2016
		$m	$m
		(unaudited)	*(audited)*
Assets			
Non-current assets			
Property, plant and equipment	9	300.4	264.8
Intangible assets	10	1,493.1	1,521.4
Goodwill	11	971.2	921.0
Other assets		36.1	35.9
		2,800.8	2,743.1
Current assets			
Inventories		269.1	247.5
Trade and other receivables		248.6	233.7
Prepaid expenses and other current assets		29.5	19.9
Cash and cash equivalents		302.5	264.1
Assets held for sale		5.6	5.6
		855.3	770.8
Total Assets		**3,656.1**	**3,513.9**
Equity and Liabilities			
Current liabilities			
Trade and other payables	13	111.9	111.6
Long-term borrowings	12,13	57.3	38.5
Accrued expenses and other current liabilities		65.2	83.5
Accrued compensation		52.7	57.0
Provisions	14	4.1	9.4
		291.2	300.0
Non-current liabilities			
Long-term borrowings	12,13	1,751.6	1,737.1
Deferred tax liabilities		210.2	192.2
Provisions	14	1.2	1.1
Other liabilities		36.8	37.3
		1,999.8	**1,967.7**
Total Liabilities		**2,291.0**	**2,267.7**
Equity			
Share capital		238.8	238.8
Share premium		—	1,674.1
Retained deficit		(954.0)	(2,650.2)
Merger reserve		2,098.9	2,098.9
Cumulative translation reserve		(96.4)	(172.8)
Other reserves		77.8	57.4
Total Equity		**1,365.1**	**1,246.2**
Total Equity and Liabilities		**3,656.1**	**3,513.9**

Condensed Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Retained deficit	Merger reserve	Cumulative translation reserve	Other reserves	Total
		$m	$m	$m	$m	$m	$m	$m
At 1 January 2017 *(audited)*		**238.8**	**1,674.1**	**(2,650.2)**	**2,098.9**	**(172.8)**	**57.4**	**1,246.2**
Net profit		**—**	**—**	**24.2**	**—**	**—**	**—**	**24.2**
Other comprehensive income/(loss):								
Foreign currency translation adjustment, net of tax		—	—	(2.1)	—	76.4	—	74.3
Remeasurement of defined benefit obligation, net of tax		—	—	—	—	—	(0.1)	(0.1)
Recognition of pension assets restriction		—	—	—	—	—	(0.1)	(0.1)
Effective portion of changes in fair value of cash flow hedges	13	—	—	—	—	—	(0.7)	(0.7)
Total other comprehensive income/ (loss)		**—**	**—**	**(2.1)**	**—**	**76.4**	**(0.9)**	**73.4**
Total comprehensive income/(loss)		**—**	**—**	**22.1**	**—**	**76.4**	**(0.9)**	**97.6**
Share-based payments		—	—	—	—	—	21.3	21.3
Capital reduction of share premium[(1)]		—	(1,674.1)	1,674.1	—	—	—	—
At 30 June 2017 *(unaudited)*		**238.8**	**—**	**(954.0)**	**2,098.9**	**(96.4)**	**77.8**	**1,365.1**

	Share capital	Share premium	Retained deficit	Merger reserve	Cumulative translation reserve	Other reserves	Total
	$m	$m	$m	$m	$m	$m	$m
					(restated)[(3)]		
At 1 January 2016 *(audited)* [(2)]	**154.4**	**—**	**(2,440.7)**	**2,098.9**	**(27.2)**	**(4.2)**	**(218.8)**
Net loss	**—**	**—**	**(72.7)**	**—**	**—**	**—**	**(72.7)**
Other comprehensive loss:							
Foreign currency translation adjustment, net of tax[(3)]	—	—	(2.5)	—	(131.6)	—	(134.1)
Remeasurement of defined benefit obligation, net of tax	—	—	—	—	—	0.7	0.7
Total other comprehensive loss	**—**	**—**	**(2.5)**	**—**	**(131.6)**	**0.7**	**(133.4)**
Total comprehensive loss	**—**	**—**	**(75.2)**	**—**	**(131.6)**	**0.7**	**(206.1)**
At 30 June 2016 *(audited)* [(2)(3)]	**154.4**	**—**	**(2,515.9)**	**2,098.9**	**(158.8)**	**(3.5)**	**(424.9)**

[(1)] In February 2017, the Company carried out a capital reduction which resulted in distributable earnings being increased by $1,674.1 million as described in note 25 of the annual accounts of the Group for the year ended 31 December 2016.

[(2)] Audited financial information was prepared and presented in the Group's 2016 Prospectus which represented the first IFRS financial statements of the Group.

[(3)] Reflects the non-cash adjustment for the year ended 31 December 2015 and the non-cash adjustment of $135.7 million for the six months ended 30 June 2016 due to the restatement (which solely impacted the translation of foreign exchange on goodwill reflected through the cumulative translation reserve) as described in note 14 of the annual accounts of the Group for the year ended 31 December 2016.

Condensed Consolidated Statement of Changes in Equity (continued)

	Share capital	Share premium	Retained deficit	Merger reserve	Cumulative translation reserve	Other reserves	Total
	$m	$m	$m	$m	$m	$m	$m
At 1 January 2016[1] *(audited)*	**154.4**	**—**	**(2,440.7)**	**2,098.9**	**(27.2)**	**(4.2)**	**(218.8)**
Net loss	**—**	**—**	**(202.8)**	**—**	**—**	**—**	**(202.8)**
Other comprehensive loss:							
Foreign currency translation adjustment, net of tax	—	—	(6.7)	—	(145.6)	—	(152.3)
Remeasurement of defined benefit obligation, net of tax	—	—	—	—	—	(0.4)	(0.4)
Recognition of pension assets restriction	—	—	—	—	—	(6.3)	(6.3)
Total other comprehensive loss	**—**	**—**	**(6.7)**	**—**	**(145.6)**	**(6.7)**	**(159.0)**
Total comprehensive loss	**—**	**—**	**(209.5)**	**—**	**(145.6)**	**(6.7)**	**(361.8)**
Issuance of shares under share-based compensation plans	4.7	—	—	—	—	67.5	72.2
Issue of share capital	79.7	1,713.7	—	—	—	—	1,793.4
Cost of issue of share capital	—	(39.6)	—	—	—	—	(39.6)
Share-based payments	—	—	—	—	—	0.8	0.8
Deferred tax on share-based payment transactions	—	—	—	—	—	—	—
At 31 December 2016 *(audited)*	**238.8**	**1,674.1**	**(2,650.2)**	**2,098.9**	**(172.8)**	**57.4**	**1,246.2**

[1] Reflects the non-cash adjustment for the year ended 31 December 2015 due to the restatement (which solely impacted the translation of foreign exchange on goodwill reflected through the cumulative translation reserve) as described in note 14 of the annual accounts of the Group for the year ended 31 December 2016.

Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June 2017 $m	2016 $m
Cash flows from operating activities		*(unaudited)*	*(audited)*[(1)]
Net profit (loss)		24.2	(72.7)
Adjustments for			
Depreciation	9	17.2	21.0
Amortisation	10	70.9	72.4
Acquisition accounting adjustment on inventory sold		1.0	—
Income tax expense	5	21.3	24.1
Impairment losses		—	4.5
Other expense (income), net	4	18.0	(23.8)
Finance costs	3	29.3	131.1
Share-based compensation		21.3	32.2
Write-off/disposal of assets		1.3	4.5
Changes in assets and liabilities:			
Inventories		(4.5)	(8.9)
Trade and other receivables		(1.0)	(8.9)
Other current assets		(2.9)	(0.3)
Deferred revenue		0.9	(2.6)
Accounts payable and accrued expenses		(23.9)	20.6
Other liabilities		(0.8)	0.9
Other		—	0.9
Cash generated from operations		172.3	195.0
Interest paid		(36.0)	(128.1)
Income taxes paid		(15.4)	(13.9)
Net cash generated from operating activities		**120.9**	**53.0**
Cash flows from investing activities			
Acquisition of property, plant and equipment and capitalised software		(38.5)	(30.2)
Acquisition, net of cash acquired	8	(25.4)	—
Proceeds from sale of property, plant and equipment and other assets	4	2.6	0.5
Change in restricted cash		—	2.5
Capitalised development expenditure	10	(0.9)	(0.6)
Net cash used in investing activities		**(62.2)**	**(27.8)**
Cash flows from financing activities			
Repayment of borrowings	12	(19.6)	(21.5)
Payment of accrued share capital issue costs		(10.5)	—
Payment of deferred financing fees		(1.4)	—
Payment of finance lease liabilities		(0.2)	—
Net cash used in financing activities		**(31.7)**	**(21.5)**
Net change in cash and cash equivalents		**27.0**	**3.7**
Cash and cash equivalents at beginning of the period		**264.1**	**273.0**
Effect of exchange rate changes on cash and cash equivalents		**11.4**	**(2.2)**
Cash and cash equivalents at end of the period		**302.5**	**274.5**
Supplemental cash flow information:			
Non-cash investing activities			
Accrued capital expenditures included in accounts payable and accrued expenses		10.1	6.7

(1) Audited financial information for the six months ended 30 June 2016 was prepared and presented in the Group's 2016 Prospectus which represented the first IFRS financial statements of the Group. Certain reclassifications within net cash generated from operating activities have been made to prior period amounts to conform with the current period presentation.

1. Basis of presentation and accounting policies

ConvaTec Group Plc (the "Company") is a company incorporated in the UK. The accompanying unaudited Condensed Consolidated Financial Statements of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. The accounting policies are consistent with those set out in the ConvaTec Group Plc Annual Report and Accounts 2016 (the "2016 Annual Report"), except as described below under "Accounting standards".

The comparative figures for the year ended 31 December 2016 are based on the Group's Financial Statements for that period and do not constitute the Group's statutory Financial Statements for that financial year as defined in sections 434 and 435 of the Companies Act 2006. The statutory Consolidated Financial Statements for the Company in respect of the year ended 31 December 2016, which were prepared under IFRS have been reported on by the Company's auditor and delivered to the registrar of companies. The audit report on those accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Audited financial information for the six months ended 30 June 2016, and as at 30 June 2016 was prepared and presented in the Group's 2016 Prospectus which represented the first IFRS financial statements of the Group.

The Condensed Consolidated Financial Statements are presented in USD, being the functional currency of the primary economic environment in which the Group operates. All values are rounded to the nearest $0.1 million except where otherwise indicated.

Following the listing of the Company on 31 October 2016, the Company performed a share for share exchange common control transaction which resulted in the creation of a merger reserve. The share capital and merger reserve presented within the Condensed Consolidated Statement of Changes in Equity at 1 January 2016 reflects this transaction. Full information of this transaction is disclosed within the 2016 Annual Report.

The Condensed Consolidated Financial Statements for the six months ended 30 June 2017 were authorised by the Board on 2 August 2017.

Accounting standards

During the six months ended 30 June 2017, the Group has applied the following IFRSs issued by the International Accounting Standards Board: (i) IAS 7, Statement of Cash Flows and (ii) IAS 12, Income Taxes. Their adoption has not had a material impact on the disclosure or the amounts reported in these Condensed Consolidated Financial Statements.

IFRS 15

IFRS 15 *"Revenue from Contracts with Customers"* will be effective for accounting periods beginning on or after 1 January 2018. It supersedes IAS 18 *"Revenue"* and establishes a principles-based approach to revenue recognition and measurement based on the concept of recognizing revenue when performance obligations are satisfied. The Group has an ongoing project to assess the impact to its financial statements. This project has involved reviews of the Group's key contracts and the use of questionnaires and detailed contract discussions with finance teams to identify the most likely areas of change across the Group's business units and different revenue streams. Based on the Group's preliminary assessment from work performed to date, the Group believes that the adoption of IFRS 15 will not have a material impact on the consolidated financial statements but work is still ongoing to fully quantify its impact.

Significant accounting judgements and estimates

The preparation of financial statements, in conformity with adopted IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these Condensed Consolidated Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements for the year ended 31 December 2016.

2. Segment information

The Group's management considers its business to be a single segment entity, being engaged in the development, manufacture and sales of medical products and technologies. The Group is a global medical products and technologies group focused on therapies for the management of chronic conditions, including products used for advanced chronic and acute wound care, ostomy care and management, continence and critical care, and infusion devices used in the treatment of diabetes and other conditions. The Group sells a broad range of products to a wide range of customers, including healthcare providers, patients and manufacturers. The R&D manufacturing and central functions are managed globally for the Group. The revenues are managed both on a franchise and regional basis. The Group's CEO, who is the Group's Chief Operating Decision Maker, evaluates the Group's global product portfolios on a revenue basis and generally evaluates profitability and associated investment on an enterprise-wide basis due to shared geographic infrastructures between the franchises. In making these decisions, the CEO evaluates the financial information on a Group wide basis to determine the most appropriate allocation of resources. This financial information relating to revenues provided to the CEO for the decision making purposes is made on a combination of a franchise and regional basis, however profitability measures are presented on a global basis.

Revenue by franchise

The Group generates revenue across four major market franchises:

Advanced Wound Care: The Advanced Wound Care franchise includes advanced wound dressings and skin care products. These dressings and products are used for the management of chronic wounds resulting from ongoing conditions such as diabetes, immobility and venous disease, as well as acute conditions resulting from traumatic injury, burns, invasive surgery and other causes.

Ostomy Care: The Ostomy Care franchise includes devices, accessories and services for people with an ostomy or stoma (a surgically-created opening where bodily waste is discharged), commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes.

Continence and Critical Care ("CCC"): The CCC franchise includes products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other causes. The franchise also includes devices and products used in intensive care units and hospital settings.

Infusion Devices: The Infusion Devices franchise provides disposable infusion sets to manufacturers of insulin pumps for diabetes and similar pumps used in continuous infusion treatments for other conditions. In addition, the franchise supplies a range of products to hospitals and the home healthcare sector.

The following table sets forth the Group's revenue for the six months ended 30 June 2017 and 2016 by market franchise:

	Six months ended 30 June	
	2017	**2016**
Revenue by market franchise	**$m**	**$m**
Advanced Wound Care	272.1	269.0
Ostomy Care	254.7	249.8
Continence & Critical Care	175.1	178.6
Infusion Devices	129.4	131.5
	831.3	**828.9**

Geographic information

Geographic markets

The following table sets forth the Group's revenue for the six months ended 30 June 2017 and 2016 in each geographic market in which customers are located:

	Six months ended 30 June	
	2017	2016
Geographic markets	**$m**	**$m**
Americas	417.5	399.5
EMEA	349.2	365.4
APAC	64.6	64.0
	831.3	**828.9**

Geographic regions

The following table sets forth the Group's revenue for the six months ended 30 June 2017 and 2016 on the basis of geographic regions where the legal entity resides and from which those revenues were made:

	Six months ended 30 June	
	2017	2016
Geographic regions	**$m**	**$m**
U.S.	276.9	260.4
Denmark	140.5	151.4
UK	69.9	79.5
Switzerland	54.5	54.4
France	43.1	43.2
Other(1)	246.4	240.0
	831.3	**828.9**

(1) Other consists primarily of countries in Europe, APAC, Latin America and Canada.

The following table sets forth the Group's long-lived assets at 30 June 2017 and 31 December 2016 by geographic regions:

	30 June 2017	31 December 2016
Long-lived assets(1)	**$m**	**$m**
U.S.	1,071.0	1,125.0
UK	445.7	432.9
Denmark	132.7	124.8
Slovakia	51.6	45.0
Other(2)	92.5	58.5
Total long-lived assets	**1,793.5**	**1,786.2**

(1) Long-lived assets consist of property, plant and equipment and intangible assets.

(2) Other consists primarily of countries in Europe and Latin America.

Major Customers

No single customer generated more than 10% of the Group's revenue for the six months ended 30 June 2017 and 2016.

3. Finance costs

Finance costs for the six months ended 30 June 2017 and 2016 were as follows:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Interest expense on long-term borrowings[1]	(26.7)	(126.6)
Amortisation of deferred financing fees and OID	(2.4)	(4.9)
Interest expense on finance leases	(0.8)	—
Other income	0.6	0.4
Finance costs	**(29.3)**	**(131.1)**

(1) Refer to note 12 - Long-term borrowings for further details.

4. Other (expense) income, net

Other (expense) income, net for the six months ended 30 June 2017 and 2016 was as follows:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
Foreign exchange (losses) gains[1]	(20.0)	22.5
Gain on sale of assets[2]	2.6	0.4
Other	(0.6)	0.9
Other (expense) income, net	**(18.0)**	**23.8**

(1) Primarily relates to the foreign currency impact on intercompany transactions, including loans transacted in non-functional currencies and foreign exchange losses as a result of hyperinflation accounting. Additionally, foreign exchange gain for the six months ended 30 June 2016 includes foreign currency impact on re-measurement of the Group's long-term borrowings denominated in non-functional currency.

(2) The gain on sale of assets during the six months ended 30 June 2017 relates to the sale of fully depreciated assets in Malaysia.

5. Income taxes

The Group's income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings (i.e., the estimated average annual effective income tax rate applied to the income or loss before tax). For the six months ended 30 June 2017, the Group recorded an income tax expense of $21.3 million and for the six months ended 30 June 2016, the Group recorded an income tax expense of $24.1 million. The $2.8 million decrease in income tax expense for the six months ended 30 June 2017 as compared to the six months ended 30 June 2016 was impacted by change in profit or loss before tax mix of jurisdictions with different tax rates.

The Group conducts business in various countries throughout the world and is subject to tax in numerous jurisdictions. As a result of its business activities, the Group files a significant number of tax returns that are subject to examination by UK and various overseas tax authorities. Tax examinations are often complex, as tax authorities may disagree with the treatment of items reported by the Group and may require several years to resolve.

The Group operates globally and is required to submit tax returns to the relevant tax authorities in numerous tax jurisdictions. While the Group policy is to submit tax returns on a timely basis, at any given time tax authorities have years outstanding to make additional tax assessments, or initiate tax audits. This may result in tax disputes, and significant issues may take several years to resolve. The assessment and recognition of tax charges and benefits requires management judgement supplemented by views of external advisors, as needed. Tax charges related to tax risks are included within deferred tax liabilities, or current tax liabilities where applicable. The ultimate tax liability may differ from the amount provided depending on interpretation of (or changes in) tax laws, regulations and other authoritative tax guidance in the various tax jurisdictions in which the Group operates. The Group defines an ‘uncertain tax treatment’ or ‘uncertain tax position’ as an item, the tax treatment of which is either unclear or is a matter of unresolved dispute between the Group’s reporting entities and the relevant tax authority. Uncertain tax treatments occur where there is an uncertainty as to the meaning of the law, or to the applicability of the law to a particular transaction, or both. The Group measures uncertain tax positions as “the single likely amount” of the expenditure required to settle the present obligation at the end of the reporting period. The single likely amount approach utilises the single most likely amount of a range of possible outcomes. With respect to “detection risk”, the Group assumes that where a taxation authority has a right to examine amounts reported to it, they will do so; and that when it performs those examinations, the taxation authority will have full knowledge of all relevant information.

6. Dividends

The Company's dividend policy is set out in the 2016 Annual Report. Any decision to declare and pay dividends will be made at the discretion of the directors and will depend on, among other things, applicable law, regulation, restrictions, the Group's financial position, working capital requirements, restrictions on dividends in the Group's banking facilities, finance costs, general economic conditions and other factors the directors deem significant. As of 30 June 2017, no dividends were declared.

At the Company's Annual General Meeting held in May 2017, shareholders approved the implementation of a Scrip Dividend Scheme (the "Scrip Scheme"). The Scrip Scheme enables ordinary shareholders to elect to receive new fully paid ordinary shares instead of cash. The operation of the Scrip Scheme is always subject to the directors' decision to make the Scrip Scheme offer available in respect of any particular dividend. Should the directors decide not to offer the Scrip Scheme in respect of any particular dividend, cash will be paid automatically instead. Under the current authority, the operation of the Scrip Scheme will cease on the date of the third annual general meeting of the Company, which will take place in 2019.

On 2 August 2017, the Board declared the first interim dividend to be distributed on 20 October 2017 to shareholders registered at the close of business on 8 September 2017 in the total amount of $27.7 million, representing 1.4 cents per share based upon the issued and fully paid share capital as at 30 June 2017. The dividend on ordinary shares was declared in USD and will be paid in Sterling at the chosen exchange rate of $1.32/£1.00 determined on 2 August 2017. A scrip dividend alternative shall be offered in respect of the first interim dividend, allowing shareholders to elect by 29 September 2017 to receive their dividend in the form of new ordinary shares.

7. Earnings per share

Basic and diluted earnings (loss) per ordinary share for the six months ended 30 June 2017 and 2016 was calculated as follows:

	Six months ended 30 June	
	2017	**2016**
	$m	**$m**
	(except share data)	
Net profit (loss) attributable to the equity holders of the Group	24.2	(72.7)
Basic weighted average ordinary shares in issue	1,951,472,651	1,261,343,801
Dilution[1]	2,966,548	—
Diluted weighted average ordinary shares in issue	1,954,439,199	1,261,343,801
Basic earnings (loss) per share ($ per share)	0.01	(0.06)
Diluted earnings (loss) per share ($ per share)	0.01	(0.06)

(1) Represents dilutive effect of share awards granted in November 2016 and during the six months ended 30 June 2017.

8. Acquisition of subsidiary

Description of the transaction

On 3 January 2017, the Group acquired the entire share capital of EuroTec for a total cash consideration of approximately $30.4 million (€29.3 million), including $5.0 million (€4.9 million) of the cash and cash equivalents acquired. EuroTec manufactures ostomy care systems and commercialises its products directly in the Benelux region and through distributor partners in other markets. The acquisition was made to complement the product portfolio and services provided to ostomy market.

Assets acquired and liabilities assumed

The transaction has been accounted for as a business combination under the acquisition method of accounting. The following table summarises the fair values of the assets acquired and liabilities assumed as of acquisition date:

	Amounts Recognised as of Acquisition Date $m
Non-current assets	
Property, plant and equipment	6.1
Intangible assets[(a)]	12.5
Current assets	
Inventories[(b)]	4.4
Trade and other receivables[(c)]	1.3
Cash and cash equivalents	5.0
Total assets	**29.3**
Current liabilities	
Trade and other payables	(0.7)
Accrued expenses and other current liabilities	(0.2)
Non-current liabilities	
Deferred tax liabilities	(4.1)
Total liabilities	**(5.0)**
Net assets acquired	**24.3**
Initial cash consideration[(d)]	26.3
Contingent purchase consideration paid into escrow[(e)]	4.1
Total consideration	**30.4**
Goodwill arising on acquisition[(f)]	**6.1**

Analysis of cash outflow in the Condensed Consolidated Cash Flow Statement	**Six months ended 30 June 2017 $m**
Initial cash consideration	26.3
Cash acquired on acquisition	(5.0)
Contingent purchase consideration paid into escrow	4.1
Net cash outflow on acquisition (per Condensed Consolidated Cash Flow Statement)	**25.4**

(a) The following table summarises the amounts and useful lives assigned to identifiable intangible assets:

	Weighted Average Useful Lives (Years)	Amounts Recognised as of Acquisition Date $m
Finite-lived intangible assets:		
Technology, one-piece ostomy system	8 years	8.4
Technology, two-piece ostomy system	8 years	3.1
Technology, accessories	7 years	1.0
Total intangible assets		**12.5**

(b) Includes the fair value adjustment to inventory of $1.5 million.

(c) The fair value of receivables acquired approximate the gross contractual amounts receivable. The amount of gross contractual receivables not expected to be recovered is immaterial.

(d) The initial cash consideration includes cash at closing of $5.0 million (€4.9 million).

(e) €4.0 million ($4.1 million) was paid on closing into escrow as security for the due and punctual fulfilment by the seller of its obligations under the Share Purchase Agreement. The escrow account will be maintained for 3 years, of which 50% (€2.0 million) will be released to seller on 3 July 2018 and the remaining balance will be released after the third year.

(f) Goodwill is calculated as the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. None of the goodwill is deductible for tax purposes. The goodwill recorded represents the following:

- costs savings and operating synergies expected to result from combining the operations of EuroTec with those of the Group; and
- intangible assets that do not qualify for separate recognition (for instance, EuroTec's assembled workforce).

Goodwill has been allocated to the Group's EMEA cash generated unit ("CGU").

Acquisition-related costs

The Group incurred $0.6 million of transaction costs directly related to the EuroTec acquisition through 31 December 2016, which includes expenditures for advisory, legal, valuation, accounting and other similar services. These costs have been expensed as acquisition-related costs. There were no transaction costs related to the EuroTec acquisition in the six months ended 30 June 2017.

Revenue and net loss of EuroTec

The revenue of EuroTec for the period from the acquisition date to 30 June 2017 was $5.3 million and net loss, net of tax, was $0.9 million. The net loss, net of tax, includes the effects of the acquisition accounting adjustments.

9. Property, plant and equipment

The major categories of property, plant and equipment ("PP&E") and movement in the carrying value of each category is as follows:

Property, plant & equipment at cost	Land & land improvements $m	Building, building equipment, and leasehold improvements $m	Machinery, equipment and fixtures $m	Construction in progress $m	Total $m
At 1 January 2017	**14.9**	**116.3**	**323.8**	**62.5**	**517.5**
Additions	—	0.1	1.9	30.8	32.8
Acquisitions (see note 8)	1.1	2.1	2.9	—	6.1
Write-offs	—	(0.1)	(3.4)	—	(3.5)
Disposals	(0.5)	(2.1)	(6.7)	(1.0)	(10.3)
Transfers	—	6.4	12.9	(19.3)	—
Foreign exchange	1.2	5.4	17.6	3.3	27.5
At 30 June 2017	**16.7**	**128.1**	**349.0**	**76.3**	**570.1**

Accumulated depreciation	Land & land improvements $m	Building, building equipment, and leasehold improvements $m	Machinery, equipment and fixtures $m	Construction in progress $m	Total $m
At 1 January 2017	**1.2**	**44.1**	**207.4**	**—**	**252.7**
Depreciation[(1)]	0.1	4.2	12.9	—	17.2
Write-offs	—	(0.1)	(3.4)	—	(3.5)
Disposals	(0.5)	(2.1)	(6.4)	—	(9.0)
Foreign exchange	0.1	1.8	10.4	—	12.3
At 30 June 2017	**0.9**	**47.9**	**220.9**	**—**	**269.7**

(1) Includes accelerated depreciation of $1.3 million for the six months ended 30 June 2017 related to the closure of certain manufacturing facilities.

Net carrying amount	Land & land improvements $m	Building, building equipment, and leasehold improvements $m	Machinery, equipment and fixtures $m	Construction in progress $m	Total $m
At 31 December 2016	**13.7**	**72.2**	**116.4**	**62.5**	**264.8**
At 30 June 2017	**15.8**	**80.2**	**128.1**	**76.3**	**300.4**

Included within Building, building equipment, and leasehold improvements and Machinery, equipment and fixtures are finance leases with a net carrying value of (i) $20.4 million and $0.4 million, respectively, at 30 June 2017 and (ii) $22.2 million and $0.4 million, respectively, at 31 December 2016.

10. Intangible assets

The major categories of intangible assets and the changes in the carrying value of each category were as follows:

Intangibles at cost	Patents, trademarks & licences $m	Technology $m	Acquired capitalised software $m	Internally generated software $m	Contracts & customer relationship $m	Non-compete agreements $m	Trade names $m	Development costs[1] $m	Total $m
At 1 January 2017	**1,853.5**	**200.3**	**73.0**	**13.1**	**238.6**	**5.6**	**255.1**	**8.2**	**2,647.4**
Additions	—	—	—	2.8	—	—	—	0.9	3.7
Acquisitions (see note 8)	—	12.5	—	—	—	—	—	—	12.5
Foreign exchange[2]	28.8	12.4	0.1	—	8.0	—	1.2	0.7	51.2
At 30 June 2017	**1,882.3**	**225.2**	**73.1**	**15.9**	**246.6**	**5.6**	**256.3**	**9.8**	**2,714.8**

(1) Development costs have been internally generated.

(2) Primarily related to intangible assets denominated in British Pound sterling.

Accumulated amortisation	Patents, trademarks & licences $m	Technology $m	Acquired capitalised software $m	Internally generated software $m	Contracts & customer relationship $m	Non-compete agreements $m	Trade names $m	Development costs $m	Total $m
At 1 January 2017	**865.7**	**97.4**	**58.5**	**2.8**	**90.1**	**4.4**	**2.1**	**5.0**	**1,126.0**
Amortisation	51.9	7.0	2.5	1.1	7.6	0.5	0.2	0.1	70.9
Foreign exchange	13.9	6.0	0.1	—	4.6	(0.1)	—	0.3	24.8
At 30 June 2017	**931.5**	**110.4**	**61.1**	**3.9**	**102.3**	**4.8**	**2.3**	**5.4**	**1,221.7**

Net carrying amounts	Patents, trademarks & licences $m	Technology $m	Acquired capitalised software $m	Internally generated software $m	Contracts & customer relationship $m	Non-compete agreements $m	Trade names $m	Development costs $m	Total $m
At 31 December 2016	**987.8**	**102.9**	**14.5**	**10.3**	**148.5**	**1.2**	**253.0**	**3.2**	**1,521.4**
At 30 June 2017	**950.8**	**114.8**	**12.0**	**12.0**	**144.3**	**0.8**	**254.0**	**4.4**	**1,493.1**

The carrying amount of indefinite-lived trade names was $251.5 million and $250.3 million at 30 June 2017 and 31 December 2016, respectively.

Amortisation expense related to finite-lived intangible assets was as follows:

	Six months ended 30 June	
	2017 $m	2016 $m
Cost of goods sold	61.0	63.1
General and administrative expenses	9.8	9.3
Research and development expenses	0.1	—
Total amortisation expense	**70.9**	**72.4**

11. Goodwill

The change in the carrying value of goodwill for the six months ended 30 June 2017 was as follows:

	Total
	$m
At 1 January 2017	**921.0**
Additions[(1)]	6.1
Effect of foreign currency translation rates	44.1
At 30 June 2017	**971.2**

(1) Relates to the EuroTec acquisition (as described in note 8).

The carrying value of goodwill for each respective CGU at 30 June 2017 and 31 December 2016 was as follows:

	30 June 2017	31 December 2016
CGUs	**$m**	**$m**
Americas	15.3	15.2
180 Medical	239.9	237.6
EMEA[(1)]	625.7	582.9
ID	51.1	47.4
IS	39.2	37.9
Goodwill	**971.2**	**921.0**

(1) Includes goodwill from the EuroTec acquisition (as described in note 8).

12. Long-term borrowings

A summary of the Group's consolidated long-term borrowings at 30 June 2017 and 31 December 2016 is outlined in the table below:

	30 June 2017	31 December 2016
	$m	**$m**
Credit Facilities Agreement:		
Revolving Credit Facility	—	—
US Dollar Term A Loan Facility	751.9	760.5
Euro Term A Loan Facility	609.4	567.5
US Dollar Term B Loan Facility	422.8	424.6
Total Credit Facilities	1,784.1	1,752.6
Finance Lease Obligations	24.8	23.0
Total long-term borrowings	**1,808.9**	**1,775.6**
Less: Current portion of long-term borrowings	57.3	38.5
Total non-current long-term borrowings	**1,751.6**	**1,737.1**

The terms and conditions of total long-term borrowings outstanding at 30 June 2017 and 31 December 2016 are as follows:

	Currency	Year of maturity	30 June 2017 Face value $m	30 June 2017 Carrying amount $m	31 December 2016 Face value $m	31 December 2016 Carrying amount $m
Revolving Credit Facilities		2021	—	—	—	—
US Dollar Term A Loan Facility	USD	2021	760.4	751.9	770.0	760.5
Euro Term A Loan Facility(1)	EURO	2021	616.1	609.4	574.2	567.5
US Dollar Term B Loan Facility	USD	2023	427.8	422.8	430.0	424.6
Finance lease obligations	EURO/USD	—	24.8	24.8	23.0	23.0
Total interest-bearing liabilities			**1,829.1**	**1,808.9**	**1,797.2**	**1,775.6**

(1) Total face value of the borrowings outstanding under the Euro Term A Loan Facility denominated in euros was €539.2 million ($616.1 million) at 30 June 2017 and €546.0 million ($574.2 million) at 31 December 2016, respectively.

The Group's Credit Facilities contain customary operating and negative covenants, including, among other things, covenants limiting: (i) incurrence of indebtedness; (ii) incurrence of liens; (iii) mergers, consolidations, liquidations, dissolutions and other fundamental changes; (iv) sales of assets; (v) dividends and other payments in respect of capital stock or junior debt subject to an available amount built by consolidated net income; (vi) acquisitions; (vii) transactions with affiliates; (viii) changes in fiscal year; (ix) negative pledge clauses and clauses restricting subsidiary distributions; and (x) holding companies.

The Group's Credit Facilities also contain a financial covenant, various customary affirmative covenants and specified events of default.

At 30 June 2017, the Group was in compliance with all financial covenants associated with the Group's outstanding debt.

In June 2017, the Group made scheduled June 2017 amortisation payments of $19.6 million, in the aggregate, related to the Credit Facilities.

Interest Related Information

Accrued interest related to the Group’s long-term borrowings was $0.2 million and $8.7 million at 30 June 2017 and 31 December 2016, respectively, and is recorded in Accrued expenses and other current liabilities. Interest expense for the six months ended 30 June 2017 and 2016 associated with the Group’s long-term borrowings was as follows:

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m
Revolving Credit Facility(1)	0.5	0.8
US Dollar Term A Loan Facility	12.2	—
Euro Term A Loan Facility	6.7	—
US Dollar Term B Loan Facility	7.3	16.9
Euro Term B Loan Facility(2)	—	17.7
US Dollar Senior Notes(2)	—	39.1
Euro Senior Notes(2)	—	15.0
PIK Notes(2)	—	37.1
Total interest expense on long-term borrowings	26.7	126.6

(1) Represents the commitment fees in respect of the unutilised commitments under the Revolving Credit Facility.

(2) On 25 October 2016, the Group entered into the Credit Agreement and immediately following the listing redeemed all of the outstanding (i) PIK Notes, (ii) US Dollar Senior Notes, and (iii) Euro Senior Notes and repaid all amounts outstanding under the existing credit facilities at that time.

The weighted average interest rate for borrowings under the Group's outstanding long-term borrowings was 3.0% and 7.1% for the six months ended 30 June 2017 and 2016, respectively.

13. Derivatives and other financial instruments

Cash flow hedges

The Group has variable rate debt instruments and is exposed to market risks resulting from interest rate fluctuations. In order to manage its exposure to variability in expected future cash outflows attributable to the changes in LIBOR rates on the US Dollar Term A and B Loan Facility, in May 2017, the Group entered into interest rate swap agreements. The Group interest rate swaps do not contain credit-risk related contingent features and are not subject to master netting arrangements. The interest rate swaps are designated as hedging instruments in a cash flow hedging relationship. As such, changes in the fair value will be recognised in other comprehensive income and accumulated in the other reserve, with the fair value of the interest rate derivatives recorded in the statement of financial position.

The following table presents the Group's outstanding interest rate swaps agreements, notional amounts and related fair values at 30 June 2017. The fair values are based on market values of equivalent instruments at 30 June 2017. These financial instruments are classified as level 2 based upon the degree to which the fair value movements are observable. Level 2 fair value measurements are defined as those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (prices from third parties) or indirectly (derived from third party prices).

	Effective Date	Maturity Date	Notional Amount $m	Fair Value(3) Assets/(Liabilities) $m
3 Month LIBOR Float to Fixed Interest Rate Swap(1)	30 June 2017	30 June 2020	592.5	(0.4)
3 Month LIBOR Float to Fixed Interest Rate Swap(2)	30 June 2017	30 June 2020	298.5	(0.3)
Amounts recognised in Condensed Consolidated Statement of Profit or Loss				—
Amounts recognised in Condensed Consolidated Comprehensive Income				(0.7)

(1) Under the interest rate swap agreement, commencing on 29 September 2017, the Group is entitled to receive quarterly interest payments at a variable rate equal to the 3 month LIBOR, subject to an interest rate floor of 0% and is required to make quarterly interest payments at a fixed rate of 1.709%. In addition, the notional amount is split into six equal tranches of approximately $98.8 million for hedging purposes.

(2) Under the interest rate swap agreement, commencing on 29 September 2017, the Group is entitled to receive quarterly interest payments at a variable rate equal to the 3 month LIBOR, subject to an interest rate floor of 0.75% and is required to make quarterly interest payments at a fixed rate of 1.749%. In addition, the notional amount is split into three equal tranches of $99.5 million for hedging purposes.

(3) The fair values of the interest rate swaps are included in non-current Other liabilities in the Condensed Consolidated Statement of Financial Position.

Other financial instruments

The carrying amounts reflected in the Condensed Consolidated Statement of Financial Position at 30 June 2017 and 31 December 2016 for cash and cash equivalents, trade and other receivables, restricted cash, trade and other payables, and certain accrued expenses and other current liabilities approximate fair value due to their short-term maturities. There are no other assets or liabilities measured at fair value on a recurring or non-recurring basis.

Liabilities not Measured at Fair Value

The long-term borrowings are initially carried at fair value less any directly attributable transaction costs and subsequently at amortised cost. At 30 June 2017 and 31 December 2016, the estimated fair value of the Group's long-term borrowings, excluding finance leases approximated $1,803.8 million and $1,775.2 million, in the aggregate, respectively. The fair values were estimated using the quoted market prices and current interest rates offered for similar debt issuances. Long-term borrowings are categorised as Level 2 measurement in the fair value hierarchy under IFRS 13 *Fair Value Measurements*. See note 12 - Long-term borrowings for the face and carrying values of the Group's long-term borrowings.

14. Provisions

	Legal provisions(1)	Restructuring provisions(1)	Decommissioning provisions(2)	Total
	$m	$m	$m	$m
At 1 January 2016	**0.2**	**3.4**	**1.1**	**4.7**
Charges(3)	—	15.6	—	15.6
Utilisation(3)	(0.3)	(9.6)	—	(9.9)
Changes in estimate	0.2	(0.3)	—	(0.1)
Foreign exchange impact	—	0.2	—	0.2
At 31 December 2016	**0.1**	**9.3**	**1.1**	**10.5**
Charges	—	0.4	—	0.4
Utilisation	(0.1)	(4.5)	—	(4.6)
Changes in estimate	—	(1.1)	—	(1.1)
Foreign exchange impact	—	—	0.1	0.1
At 30 June 2017	**—**	**4.1**	**1.2**	**5.3**

(1) Legal provisions and restructuring provisions at 30 June 2017 and 31 December 2016 are included as current Provisions on the Condensed Consolidated Statement of Financial Position.

(2) Decommissioning provisions at 30 June 2017 and 31 December 2016 are included as non-current Provisions on the Condensed Consolidated Statement of Financial Position.

(3) The Group recognised restructuring charges of $14.0 million and made aggregate payments of $4.0 million for the six months ended 30 June 2016. Refer to the table below for additional information related to restructuring charges for the six months ended 30 June 2016.

Restructuring provisions

The details of restructuring initiatives are given in the 2016 Annual Report.

For the six months ended 30 June 2017, the additional restructuring charges of $0.4 million were related to employee termination costs and were recorded in General and administrative expenses in the Condensed Consolidated Statement of Profit or Loss. The changes in estimate of $1.1 million for the six months ended 30 June 2017 were related to the 2016 Initiatives and were recorded in Cost of goods sold in the Condensed Consolidated Statement of Profit or Loss.

Charges and changes in estimate recorded for the six months ended 30 June 2016 related to the restructuring initiatives were as follows:

	Employee termination costs	Asset write-offs	Accelerated depreciation	Total
	$m	$m	$m	$m
2016 Initiatives	14.1	3.9	4.7	22.7
2015 Initiatives	0.1	—	1.1	1.2
2014 Initiatives	(0.2)	—	—	(0.2)
Total	**14.0**	**3.9**	**5.8**	**23.7**
Classified in the Condensed Consolidated Statement of Profit or Loss:				
Cost of goods sold	14.0	3.9	5.8	23.7

15. Related party transactions

Full details of the Group's related party transactions and balances are given in the 2016 Annual Report. Other than as set out below, there have been no material changes to the Group's related party transactions.

For the six months ended 30 June 2016, the Group paid $1.5 million in contractual fees for certain management advisory services to its former equity sponsors under the Management Agreement as described in the 2016 Annual Report. The Management Agreement was terminated in October 2016.

The Group's revenue included $4.1 million and $3.4 million, for the six months ended 30 June 2017 and 2016, respectively, of revenue to a related party (customers affiliated with Nordic Capital, former equity sponsor and shareholder). The accompanying Condensed Consolidated Statement of Financial Position includes a receivable from the Group's related party revenue recorded in Trade and other receivables in the amount of $1.8 million at 30 June 2017. In addition, during the six months ended 30 June 2017, the Group purchased inventory product totaling $2.6 million from a related party (vendors affiliated with Nordic Capital, former equity sponsor and principal shareholder) of which $0.3 million remained unpaid at 30 June 2017.

16. Subsequent events

The Group has evaluated subsequent events through 2 August 2017, the date the Condensed Consolidated Financial Statements were approved by the board of directors.

On 20 July 2017, the Group has agreed to acquire Woodbury, a U.S.-based independent national distributor of incontinence and catheter-related supplies, from MTS Health Investors LLC for an enterprise value of $120.5 million. Woodbury provides an extensive array of incontinence and catheter products, as well as nutritional, enteral feeding and vascular compression supplies. The transaction is subject to certain closing conditions and is expected to close in the third quarter of 2017.

On 2 August 2017, the Board declared the first interim dividend to be distributed on 20 October 2017. Refer to note 6 - Dividends for further details.

Directors' Responsibilities Statement

The Directors confirm that to the best of their knowledge:

- the Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union; and
- the interim management report includes a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Consolidated Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

The Board of Directors of ConvaTec Group Plc on 2 August 2017 are the same as those listed in the 2016 Annual Report with the exception of Thomas Vetander and Kunal Pandit both of whom stepped down on 31 March 2017. Kasim Kutay was appointed on 31 March 2017 and Dr Ros Rivaz was appointed on 20 June 2017.

By order of the Board:

Paul Moraviec	Chief Executive Officer	2 August 2017
Nigel Clerkin	Chief Financial Officer	2 August 2017

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 Group 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.