

**ConvaTec Group Plc**  
**AGM trading update for the four months ended 30 April 2022**

**Good start to 2022 - No change to guidance**  
**Further strategic progress achieved**

ConvaTec Group Plc ("ConvaTec" or the "Group"), a global medical solutions company, today announces a trading update for the four months ended 30 April 2022. Group revenue increased by 4.1% on a reported basis, up 7.5% on a constant currency basis and up 6.0% on an organic basis<sup>1</sup>. ConvaTec has made a good start to the year with good underlying growth in each of its four categories in line with our expectations.

In Advanced Wound Care we achieved mid-single digit organic revenue growth overall, with a strong performance in Global Emerging Markets, good performance in Europe and stable performance in North America.

In Ostomy Care, organic revenue growth was low-single digit. Good growth in ConvaTec products, particularly in the Global Emerging Markets, was partially offset by further planned SKU rationalisation including at our UK AmCare business. Overall we are improving the mix and consequently the margins.

Our Continence and Critical Care category achieved low-single digit organic revenue growth. We achieved mid-single digit organic growth in Continence Care, driven by the recovery in new patient starts coupled with a good performance from the Cure portfolio. This was moderated by a slightly negative performance within our Critical Care category. This was anticipated given the strong performance in 2021 when there was high demand owing to COVID-19.

Infusion Care continued to deliver strong double-digit organic revenue growth. The performance was driven by continued high levels of demand for our differentiated infusion sets used in Automated Insulin Delivery systems.

**Strategic decision to exit from hospital care**

Consistent with the Group's FISBE (Focus-Innovate-Simplify-Build-Execute) strategy and following a strategic review of the Critical Care business, today ConvaTec announces it will be withdrawing from its hospital care activities<sup>2</sup> and related industrial sales<sup>3</sup> during the remainder of 2022. These low margin activities being exited, generated \$101m of revenue in 2021.

The hospital care and industrial sales production at the Group's sites will be phased out over the remainder of the year. Given the geopolitical situation in the region, it has become increasingly difficult for the Group to continue manufacturing in Belarus; therefore, the factory there, which manufactures products almost entirely for hospital care, will close on 31 May 2022.

Given this phased exit of the hospital care and related industrial sales products, reported revenue in 2022 is expected to be approximately \$20-30m lower than 2021 and adjusted EBIT is expected to reduce by \$3-5m. There is also expected to be a one-off adjusted P&L charge of approximately \$55m, which will be incurred in 2022, and a cash cost of approximately \$25m arising mainly in 2022.

Following the exit of Hospital Care, ConvaTec will be almost entirely focused on higher-growth chronic care markets with improved margins and higher levels of recurring revenue.

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<sup>1</sup> Organic growth is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period and excluding acquired and disposed/discontinued businesses.

<sup>2</sup> The higher margin highly differentiated Flexi-Seal™ FMS portfolio of products in Critical Care will be retained (2021 Revenue: \$77m).

<sup>3</sup> These Industrial Sales previously featured in Infusion Care category given B2B in nature. (2021 Revenue: \$22m)

## Additional strategic progress

On 14 March we completed the acquisition of Triad Life Sciences enabling us to enter the large and rapidly growing wound biologics segment<sup>4</sup> (see RNS dated 28 January 2022). The Triad team, current portfolio and product pipeline have now transitioned to be part of our Advanced Wound Care business and the name has been changed to ConvaTec Advanced Tissue Technologies. The integration is progressing well including payment of the first \$25m milestone (triggered by the effective date of the new reimbursement code for the InnovaMatrix FS product).

In March we launched Gentle Cath™ Air Male in France. The product is a compact version of our Gentle Cath™ brand, that incorporates our proprietary Feel Clean™ technology, designed for discretion and enhanced user experience. Although still early days the initial reaction from healthcare providers and consumers has been positive.

On 9 May we announced we had invested \$30m in BlueWind Medical, an innovative developer of the RENOVA iStim implantable tibial neuromodulation device. Neuromodulation is a cutting-edge treatment for overactive bladder conditions. The investment supports ConvaTec's FISBE strategy by securing a relationship with a company developing an innovative solution for the US continence market.

## Full Year Guidance

We continue to expect organic revenue growth of between 4.0% and 5.5% and a constant currency EBIT margin of at least 18%. Our expectations for inflation have increased, with COGS inflation now estimated at approximately 8-9% (previously expected 5%). However, we are managing these cost challenges by driving our simplification and efficiency agenda, leveraging our pricing center of excellence and proactively managing our mix. Consequently, our full year 2022 guidance is unchanged.

Our growth prospects are attractive and are underpinned by continued improvement in execution and a more robust new product pipeline. Please join us at our Technology & Innovation event on 17 May at 2pm to learn more about our innovation pipeline and capabilities. If you would like to receive the webcast details please email [IR@Convatec.com](mailto:IR@Convatec.com)

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## About ConvaTec

ConvaTec is a global medical products and technologies company focused on solutions for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence and critical care, and infusion care. 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](http://www.convatecgroup.com)

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<sup>4</sup> SmartTRAK Wound Biologics segment includes skin substitutes, active collagen dressings and topical drug delivery