2016 Full Year Results - Executing on our Strategy

2 March 2017

ConvaTec

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Unless otherwise stated all stated financial metrics in this presentation are adjusted; for a full definition of the adjustments made please the slide ‘Reconciliation: 2017 adjustments’ in the Appendix.

2016: Executing on Our Strategy

- ✓ Strong franchise performances with financial results in line with guidance
- ✓ Significant margin development based on MIP execution ahead of plan
- ✓ Continued strong performance in AWC supported by our differentiated AQUACEL® portfolio
- ✓ Ostomy Care showing solid growth momentum following implementation of strategic actions
- ✓ Successful execution of IPO and new debt refinancing on attractive terms

Full Year 2016 Financial Highlights

	FY2016 ($m)	Reported growth	CER[1]
Revenues	1,688	+2.3%	+4.0%
Adj. Gross Margin	60.9%	+130bps	+90bps
Adj. EBITDA	508	+7.1%	+6.5%
Adj. EBIT margin	28.0%	+150bps	

Note
1 CER is Constant Exchange Rate
2 A reconciliation of actual to adjusted results is provided on slide 34

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Operational review

Paul Moraviec

Franchise Results Overview

Strong performances with financial results in line with guidance

	FY2016 Revenue ($m)	CER Growth[1]
Advanced Wound Care	559	6.5%
Ostomy Care	512	1.7%
Continence & Critical Care	357	3.6%
Infusion Devices	260	4.0%
Total Revenue	**1,688**	**4.0%**

Note
1 CER is Constant Exchange Rate

Advanced Wound Care

A strong year and initial entry into NPWT market

Strong growth in AQUACEL®
Growth across all product lines: significant progress with AQUACEL® Foam Pro and Foam Lite

Innovating to strengthen our position as market leader
Award winning silver anti-bio film & accessing new indications in c-sections + lumbar-spine surgery

Successful launch of Avelle™ in Europe
Initial entry into fastest growing Negative Pressure Wound Therapy segment

Revenue	CER Growth	% Group Revenue
$559.5m	6.5%	33.2%

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Executing a Clear Growth Strategy

1 EXPAND Core AQUACEL offering

AQUACEL Ag+ Extra · AQUACEL Ag · Surgical

- Widen geographic distribution of anti-biofilm Ag+ technology
- Take share in new surgical indications in c-sections and lumbar-spine surgery

2 ACCELERATE Foam

AQUACEL Foam · FoamLite ConvaTec · AQUACEL Ag Foam · AQUACEL Pro Foam

- Continued momentum, advancing our position into new geographies
- Penetrate protection and prevention segments with Foam Pro and Foam Lite

3 BUILD ON Negative Pressure

Avelle®

- Gain traction in fastest growing segments of NPWT market
- Expansion into US market

Ostomy Care

2016 was a pivotal year – finalising turnaround fundamentals and maintaining growth momentum

2016 Strategic Objectives

Hospital and nurse engagement

Direct to consumer engagement platform

Fill portfolio gaps

Revenue	CER Growth	% Group Revenue
$512.1m	1.7%	30.3%

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Ostomy Care
2016 was a pivotal year – finalising turnaround fundamentals and maintaining growth momentum

Building hospital and nurse engagement

Renewed Vizient and Premier GPO contracts, NPNC[1] growth, new account wins in US, Germany. New sponsored account wins in the UK, German homecare partner established

Direct to consumer engagement platform

Enrolled over 76,000 consumers in Me+ worldwide

Close portfolio gaps

Launched Esteem + Flex Convex range, initially in Japan, Italy and Netherlands

Acquisition of EuroTec

Increases presence in Netherlands; platform to accelerate across France and Benelux

[1] New Patient Name Capture

Executing Clear Strategy to Accelerate Growth

1 Nurse Engagement

- Leverage our share of voice and clinical value
- Invest in nurse training and tools, being a partner in patient care
- Leverage our GPO and distributor position

2 DTC / me+ Consumer Program

me+ ™

- Drive consumer loyalty
- Engage directly and frequently with consumers through multiple channels
- Build strong and long-term consumer relationships

3 Portfolio Enhancement

- Continue to enhance portfolio offering
- Complement adhesive technology with consumer led design and enhancements

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Continence & Critical Care
Well Positioned to Continue Strong Growth

Strong growth in GentleCath intermittent catheter portfolio
US launch of GentleCath Glide

Expansion of me+ platform for continence care

Taking share with 180 Medical
Strengthens position in the US Retailer market

Global roll out Flexi-Seal SIGNAL
Leading market position and underpins strong growth

Revenue	CER Growth	% Group Revenue
$356.5m	3.6%	21.1%

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Executing a Focused C&CC Strategy, Driving Growth in the Attractive Continence Care Segment

Continence Care	180 Medical GentleCath™	1 Innovate and expand GentleCath™ portfolio to cover a wider range of needs 2 Leverage 180 Medical to support new product adoption in the US 3 Transfer GentleCath™ success to global markets
Hospital and Critical Care	Flexi-Seal SIGNAL The seal of innovation™	✓ Continued product innovation for Flexi-Seal ✓ MIP portfolio rationalisation

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Infusion Devices

Strong end-market demand for infusion pumps

Strengthened key partner relationships with leading pump manufacturers

Product development strategy on track

Ulysses on track for H2 launch with partner

Revenue	**CER Growth**	**% Group Revenue**
$260.2m	4.0%	15.4%

Leveraging Infusion Devices Technologies to Accelerate Growth in Existing and New Markets

1 Secure Long-Term Business	• Maintain strong and long-term partnerships with insulin pump manufacturers through cost, innovation & quality
2 Innovation	• Develop new products for insulin and other drug delivery • Significant R&D advances focused on longevity of infusion sets and potential occlusion prevention
3 Leverage leading industry position	• Ensure ConvaTec remain supplier of choice for incumbents and new entrants in insulin and other sub-cutaneous drugs infusion

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Continued Focus on R&D and Innovation

R&D	Phase 1 / Concept		Phase 2 / Development		Phase 3 / Launch			
Innovation Bank					Launched			
Skin & Tissue Healing and Protection	4	2	3	4	1	3	1	AWC
Infection Prevention	3	2	2	3	1	1	4	Ostomy Care
Adhesives	1		2	9	3	1	1	C&CC
Advanced Mechanical Designs	2		2	2	1	2		ID
Next Generation Technologies								

(#) New Product

[#] Line Extension

13 launches in 2016

2016	Avelle®	AQUACEL Surgical	Esteem + Flex	GentleCath™	Medtronic MiniMed

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Margin Improvement Program Update

Nigel Clerkin

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The Margin Improvement Program – a Reminder

Targeting minimum 300bps improvement by 2020

Phase I Diagnostic	**Phase II** Realisation of opportunity	**Phase III** Continued activities to drive transformation

1 Footprint Optimisation	• Plant rationalisation • Rationalise C&CC portfolio
2 LEAN / Productivity	• LEAN deployment • Overall Equipment Effectiveness (OEE) improvements
3 Wound Foam Insource	• Vertical integration • Leverage external contract manufacturing
4 Ostomy APS Standardisation	• SKU rationalisation • Upgrade Ostomy to Advanced Pouch System platform
5 Sourcing Excellence	• Sourcing leverage • Validation of alternate materials

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MIP Update – 2016 Progress

Delivering ahead of schedule

1. **Footprint Optimisation**
2. **LEAN / Productivity**
3. **Wound Foam Insource**
4. **Ostomy APS Standardisation**
5. **Sourcing Excellence**

- Closure of operations at C&CC plants in Mexico and Malaysia
- Completed facility expansions in Dominican Republic (Haina) and Slovakia and commenced transfer of production lines
- Trained approximately 2,000 employees in LEAN manufacturing principles
- Final determination of product portfolio changes in Ostomy Care and C&CC
- Successfully completed negotiations for several third party contracts

MIP delivered on accelerated basis; 90bps in 2016 (excluding 40bps FX benefit)

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MIP Update – Key Focus Areas

Expect to deliver circa half of 300bps target during 2017

Close Greensboro facility by end Q1

Complete Dominican Republic (Haina) process qualifications by end-Q3

Complete key Slovakia validation milestones including Ostomy adhesives equipment by end-Q3, and new APS closed pouch lines by end-Q4

Complete further sourcing initiatives including Ostomy filter dual-source (end-Q1) and adhesive raw materials (end-Q3)

Financial Overview

Nigel Clerkin

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Financial Highlights

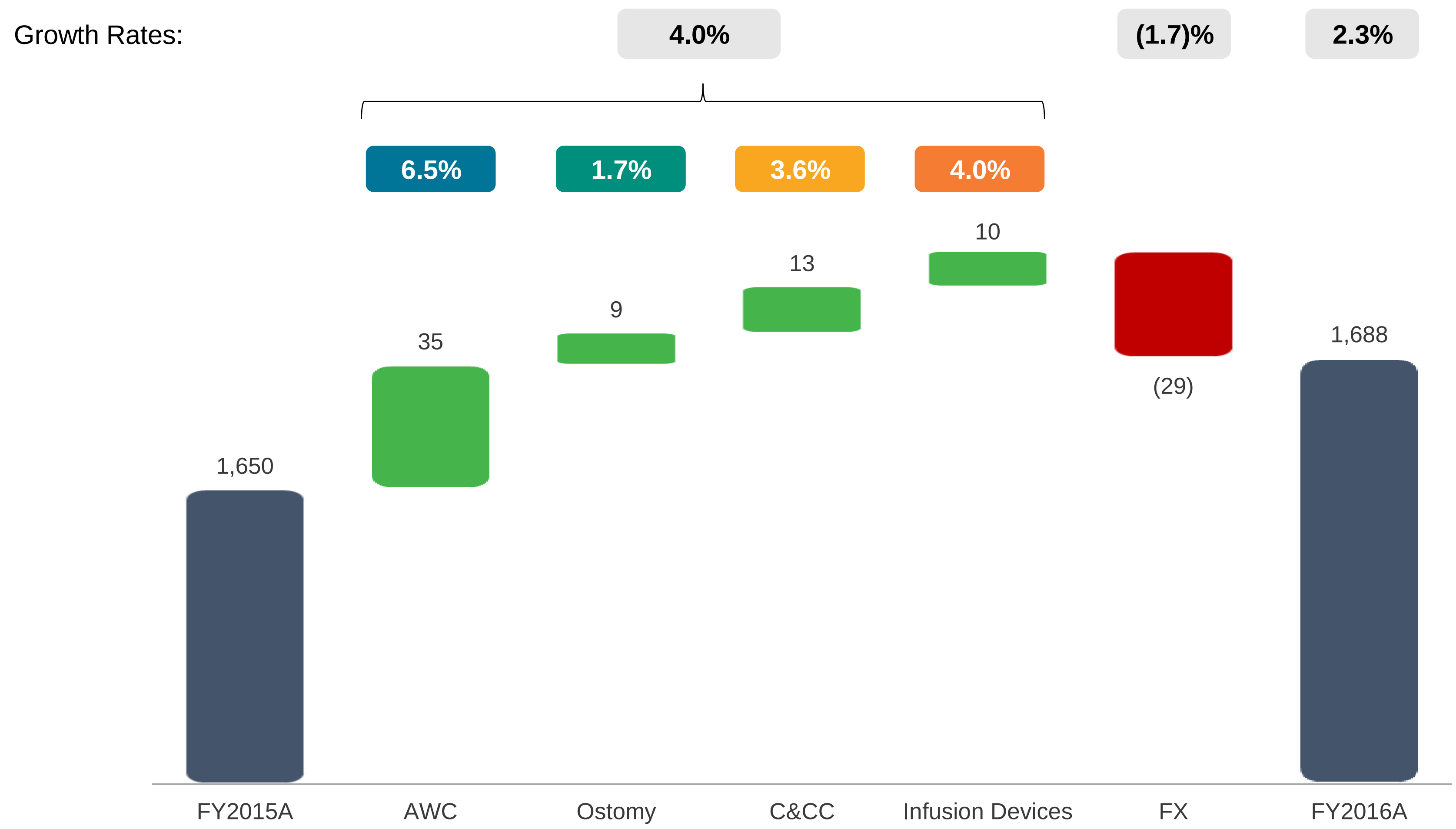
	2016	2015	Growth	Comments

Revenue	$1,688m	$1,650m	+4.0%[1]	• Revenue growth +4% at constant currency
				  • Reported revenue +2.3%
				  • $29m currency headwind, primarily from GBP ($23m)

Adj. Gross Margin	60.9%	59.6%	+130bps	• Gross Margin better than guided, +130bps (90bps performance; 40bps FX)
Adj. EBITDA	$508m	$474m	+6.5%[1]	• Strong EBIT and EBITDA performance as a result of steady revenue growth, good margin expansion and solid cost control
Adj. EBIT Margin	28.0%	26.5%	+150bps	
Pro-forma Adj. EPS	$0.18	$0.17		• Pro-forma adjusted EPS of $0.18, reflecting post-IPO capital structure and pro-forma 2016 effective tax rate of 14%
Cash Conversion	79.6%	87.6%	(8)pts	• Cash conversion of c.80%; lower than 2015 as anticipated due to MIP
Net debt to Adj. EBITDA	3.0x	6.9x		• Net debt/adjusted EBITDA of 3.0x

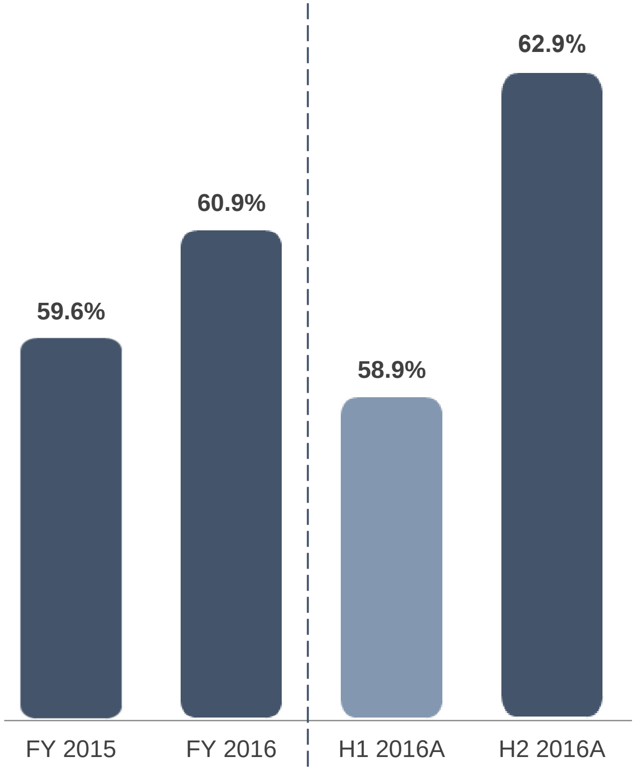
Note
[1] Constant currency growth rates

FY2015A – FY2016A Revenue Bridge



Gross Margin Overview

Adjusted Gross Margin



Comments

- Improved by 130bps in the period
  - 90bps due to MIP, delivering ahead of schedule
  - 40bps FX benefit (primarily GBP)
- Benefits weighted towards second half of year

Reported to Adjusted Bridge

% of Revenue	FY2016A (%)	FY2015A (%)
Reported Gross Margin	*51.4*	*51.5*
Acquisition Amortisation, impairments and accelerated depreciation	8.1	7.9
Other Items	1.4	0.2
Adjusted Gross Margin	*60.9*	*59.6*

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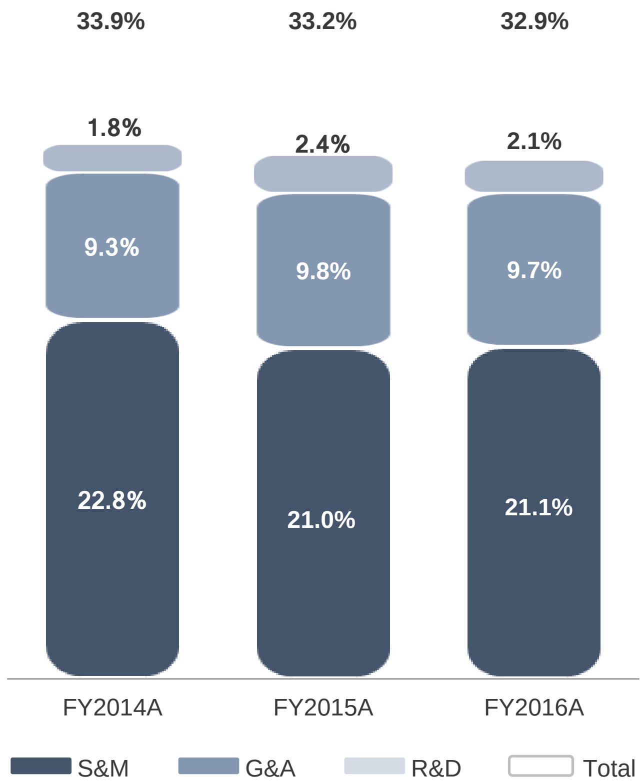
Opex Overview

Adjusted Opex (% of Revenue)



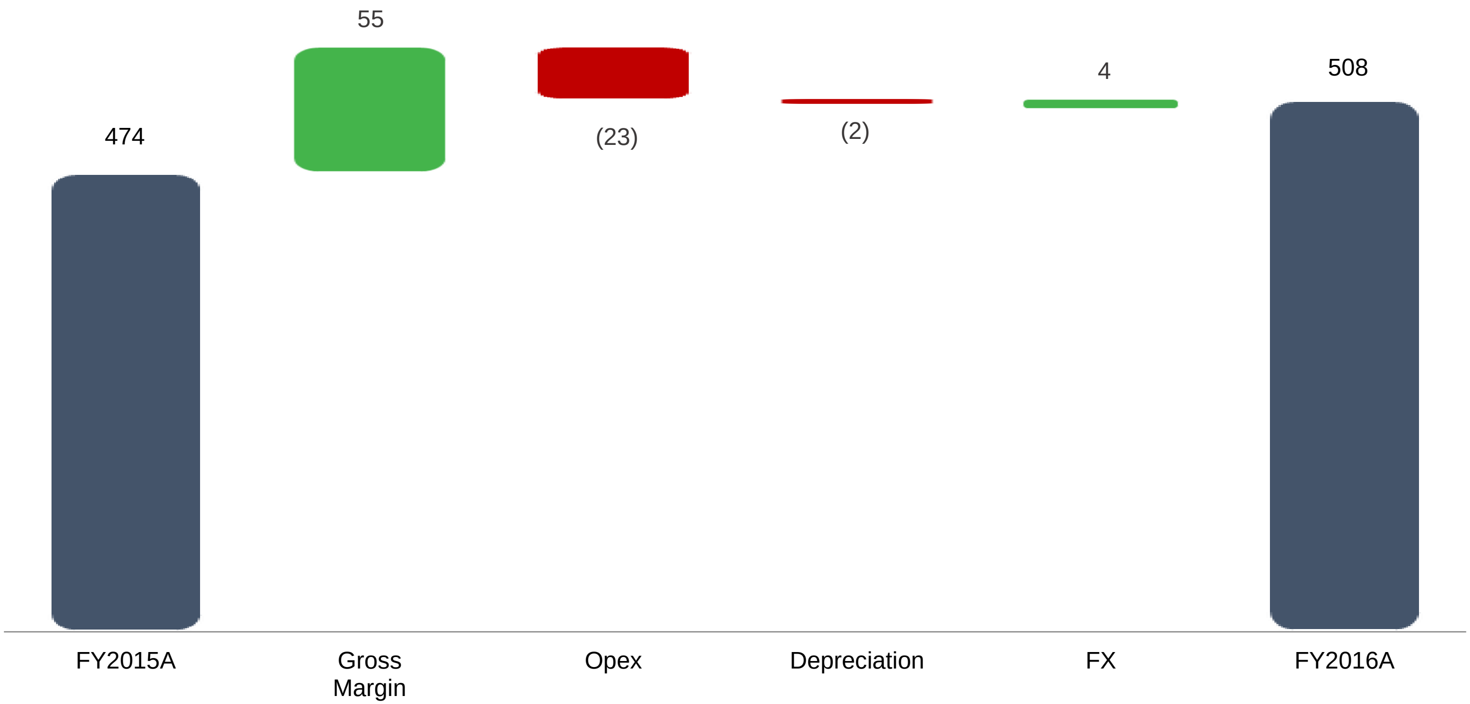
Comments

- Opex well controlled and below our historical 33-34% of revenue range
- Constant currency growth 4.4%
- Reported growth 1.8%; FX benefit $14m, primarily due to GBP ($10m)

Reported to Adjusted Bridge

% of Revenue	FY2016A (%)	FY2015A (%)
Reported Opex	*42.2*	*37.6*
Acquisition amortisation and impairments	(1.1)	(0.9)
Restructuring and other related costs	(0.4)	(0.5)
Share based compensation and pre-IPO ownership costs	(5.4)	(1.1)
IPO related costs	(1.7)	(0.2)
Other items	(0.7)	(1.7)
Adjusted Opex	*32.9*	*33.2*

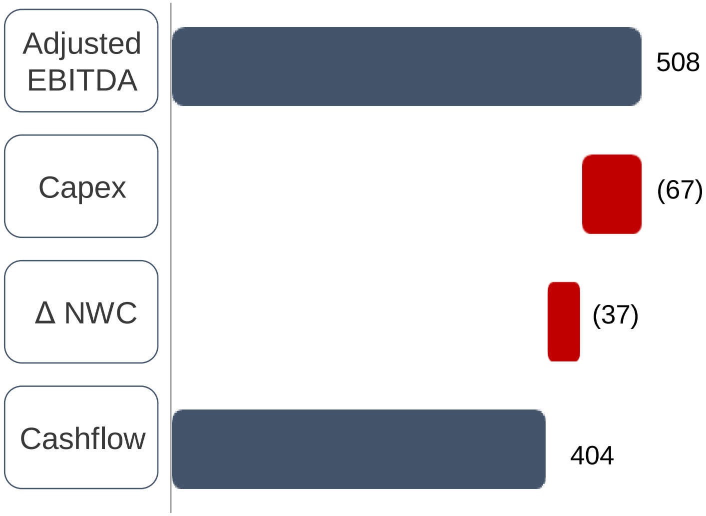
Adjusted FY2015A – FY2016A EBITDA Bridge



Adjusted EBIT ($m)	***437***	***472***

Good Cash Conversion and a Stronger Balance Sheet

FY2016A Pre-Tax Cash Conversion: 80%



- Increased capex primarily related to new equipment to support MIP and additional AWC capacity
- Net Working Capital change driven by increase in inventory to support franchises through MIP and timings of receipts and payments

Net Debt

	FY2016A ($m)	FY2015A ($m)
Long-term borrowings	(1,774)	(3,529)
Cash and cash equivalents	264	273
Net Debt	*(1,510)*	*(3,256)*
Net Debt / EBITDA (x)	3.0	6.9

- Substantial decrease in long-term borrowings through IPO and debt refinancing
- New debt at blended coupon of c.3%

2017 Guidance

Group constant currency organic revenue growth rate greater than the 2016 rate

- Includes a circa negative 1% impact from MIP initiatives (c.$15m full year effect)

Additional benefit of Eurotec acquisition (2016 revenues of €10m)

Revenue growth to be weighted towards second half

- Reflects impact of timing of MIP initiatives
- Benefit of new product launches weighted to H2
- Timing impact on Ostomy Care and Infusion Devices

At current FX rates, a negative headwind of 2% on reported revenue growth expected

Expect to have delivered circa half of targeted 300bps MIP margin improvement during 2017

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

Incremental c.$15m PLC costs in 2017

Adjusted tax rate broadly in line with 2016 pro forma adjusted rate

Targeting a payout ratio of between 35-45% in the medium-term

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

Summary and Outlook

Paul Moraviec

Summary and Outlook

Delivered strategic goals and financial results

Well positioned for further progress in 2017

Good pipeline of new products, together with contributions from 2016 launches

Defined MIP objectives; expecting to have delivered half of target by year end

Appendix

Quarterly Revenue Performance

Quarterly reported revenues by franchise

$m	Q1	Q2	Q3	Q4	FY16
AWC	131.3	137.7	142.9	147.6	559.5
Ostomy Care	121.1	128.7	129.3	133.0	512.1
C&CC	86.5	92.1	86.8	91.1	356.5
ID	64.8	66.8	58.4	70.3	260.2
Group	**403.7**	**425.2**	**417.4**	**442.0**	**1,688.3**

CER[1] growth rate by franchise

%	Q1	Q2	Q3	Q4	FY16
AWC	8.9	7.5	4.0	6.1	6.5
Ostomy Care	2.3	1.1	2.6	1.0	1.7
C&CC	2.0	8.9	1.5	2.1	3.6
ID	7.1	4.3	(1.2)	5.8	4.0
Group	**5.0**	**5.3**	**2.3**	**3.6**	**4.0**

Note
1 CER is Constant Exchange Rate

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Revenues by Geography

	FY2016 ($m)	Reported growth	CER Growth[1]
Americas	829	+5.3%	+5.8%
EMEA	726	(1.2%)	+2.5%
APAC	133	+4.3%	+2.1%
Group	1,688	+2.3%	+4.0%

Note
1 CER is Constant Exchange Rate

FX Rates and Sensitivities

FX Rates

	2016	
	Average	Year End
USD/GBP	*1.36*	*1.23*
USD/EUR	*1.11*	*1.05*

	2015	
	Average	Year End
USD/GBP	*1.53*	*1.47*
USD/EUR	*1.11*	*1.09*

Revenue Split

	2016	2015
USD	*46%*	*44%*
EUR/DKK	*26%*	*24%*
GBP	*10%*	*11%*
Other	*18%*	*21%*

Sensitivities

2016

- 1% move in GBP/USD average rate would have impacted revenue by ~$2m and be broadly EBITDA neutral
- 1% move in EUR/DKK-USD average rate would have impacted revenue by ~$4m and EBITDA by ~$2m

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2016 Reported to Adjusted EBIT and EPS Reconciliation

2016 ($MM)	Reported	Adjustments (a)	(b)	(c)	(d)	(e)	(f)	(g)	Adjusted
Revenue	**1,688.3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,688.3**
Cost of goods sold	(821.0)	136.8	23.8	–	–	–	–	0.2	(660.2)
Gross profit	**867.3**	**136.8**	**23.8**	**–**	**–**	**–**	**–**	**0.2**	**1,028.1**
Gross margin (%)	*51.4*								*60.9*
Selling and distribution expenses	(357.0)	–	0.9	–	–	–	–	0.9	(355.2)
General and administrative expenses	(318.2)	18.1	5.0	11.7	0.8	–	90.2	28.0	(164.4)
Research and development expenses	(38.1)	0.2	1.2	–	–	–	–	0.4	(36.3)
Operating profit	**154.0**	**155.1**	**30.9**	**11.7**	**0.8**	**–**	**90.2**	**29.5**	**472.2**
Operating profit (%)	*9.1*								*28.0*
Finance costs	(271.4)	–	–	–	–	29.2	–	–	(242.2)
Other expense, net	(8.4)	–	–	–	–	8.4	–	–	–
(Loss) profit before income taxes	**(125.8)**	**155.1**	**30.9**	**11.7**	**0.8**	**37.6**	**90.2**	**29.5**	**230**
Income tax expense[h]	(77.0)								(51.2)
Net (loss) profit	**(202.8)**								**178.8**
Net (loss) profit (%)	*(12.0)*								*10.6%*
Basic earnings per share ($ per share)	(0.15)								0.13
Diluted earnings per share ($ per share)	**(0.15)**								**0.13**

Notes:

(a) Represents an adjustment to exclude (i) acquisition-related amortisation expense of $136.1 million and $143.5 million in 2016 and 2015, respectively, (ii) accelerated depreciation of $11.1 million and $0.6 million in 2016 and 2015, respectively, related to the closure of certain manufacturing facilities, and (iii) impairment charges and assets write offs related to property, plant and equipment and intangible assets of $7.9 million and $1.4 million, in the aggregate, in 2016 and 2015, respectively

(b) Represents restructuring costs and other-related costs (excluding accelerated depreciation described above under (a)) primarily incurred in connection with the MIP

(c) Represents remediation costs which include regulatory compliance costs related to FDA 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 primarily related to (i) corporate development activities and (ii) a settlement of ordinary course multi-year patent-related litigations in 2015

(e) Represents adjustments to exclude (i) loss on extinguishment of debt and write-off of deferred financing fees and (ii) foreign exchange related transactions

(e) Represents an adjustment to exclude (i) share-based compensation expense of $85.9 million and $12.5 million in 2016 and 2015, respectively, arising from pre-IPO employee equity grants and (ii) pre-IPO ownership structure related costs, including management fees to Nordic Capital and Avista

(f) Represents IPO related costs, primary advisory fees

(g) Adjusted income tax expense/benefit is income tax (expense) benefit net of tax adjustments

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2015 Reported to Adjusted EBIT and EPS Reconciliation

		Adjustments							
2016 ($MM)	**Reported**	**(a)**	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**Adjusted**
Revenue	**1,650.4**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,650.4**
Cost of goods sold	(799.9)	130.0	2.5	–	–	–	–	–	(667.4)
Gross profit	**850.5**	**130.0**	**2.5**	**–**	**–**	**–**	**–**	**–**	**983.0**
Gross margin (%)	*51.5*								*59.6*
Selling and distribution expenses	(346.7)	–	–	–	–	–	–	–	(346.7)
General and administrative expenses	(233.1)	15.5	7.6	12.1	13.8	–	18.6	4.1	(161.4)
Research and development expenses	(40.3)	–	0.2	2.0	–	–	–	–	(38.1)
Operating profit	**230.4**	**145.5**	**10.3**	**14.1**	**13.8**	**–**	**18.6**	**4.1**	**436.8**
Operating profit (%)	*14.0*								*26.5*
Finance costs	(303.6)	–	–	–	–	27.8	–	–	(275.8)
Other expense, net	(37.1)	–	–	–	–	37.1	–	–	–
(Loss) profit before income taxes	**(110.3)**	**145.5**	**10.3**	**14.1**	**13.8**	**64.9**	**18.6**	**4.1**	**161.0**
Income tax benefit[h]	16.9								(36.6)
Net (loss) profit	**(93.4)**								**124.4**
Net (loss) profit (%)	*(5.7)*								*7.5*
Basic earnings per share ($ per share)	(0.07)								0.10
Diluted earnings per share ($ per share)	**(0.07)**								**0.10**

Notes:

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(g) Represents IPO related costs, primary advisory fees

(h) Adjusted income tax expense/benefit is income tax (expense) benefit net of tax adjustments

Adjusted to Pro-forma EPS Reconciliation

Pro-forma basic 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 31 December 2016 were outstanding for the entire year for both 2016 and 2015. Pro-forma diluted earnings per share is computed as pro-forma adjusted net profit allocated to each outstanding share of common stock and dilutive awards outstanding at 31 December 2016 as if they were outstanding for the entire year for both 2016 and 2015.

	2016 $m	2015 $m
Adjusted net profit	**178.8**	**124.4**
Pro-forma interest adjustment	185.5	218.8
Tax effect of pro forma interest adjustment	**(7.8)**	**(8.9)**
Pro forma adjusted net profit[1]	**356.5**	**334.3**
Pro forma basic and diluted earnings per share ($ per share)	0.18	0.17
Pro forma effective tax rate	14.2%	12.0%

Notes:

(1) Proforma 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 and 2015

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