

Trading Update for the three months ended 31 March 2017

4 May, 2017 (LSE: CTEC)

Trading for ConvaTec Group Plc ("the Group"), a leading global medical products and technologies company, was in line with management expectations in the first quarter of 2017 and the Group confirms its guidance for the 2017 financial year.

Highlights:

- Group revenue of \$403.1 million grew 1.8%¹ at constant exchange rates (1.2%² organically), with continuing momentum across the business, offset by expected phasing impacts
- Continued progress across all franchises - Avelle global rollout continues, now selling in 9 countries; global launch of Esteem™+ Flex Convex one-piece system; growing momentum in me+™ patient enrolment; GentleCath™ Glide launched in the US; increasing ID production capabilities for Medtronic
- Advanced Wound Care revenue grew by 4.2%², impacted by changes to reimbursement rates in France and the timing of orders in EMEA
- Ostomy Care revenue grew 3.3%¹ at constant exchange rates (1.1%¹ organically), reflecting continued progress in executing our strategy
- Continence & Critical Care revenue was broadly flat year on year² with a strong 180 Medical performance being offset by planned product rationalisation as part of the Margin Improvement Programme ("MIP"), which impacted growth by c. 4%
- Infusion Devices revenue declined by 3.1%² due to anticipated customer inventory reductions
- MIP continues on track – the Greensboro manufacturing facility closed during the period
- Group 2017 financial guidance re-affirmed

	Q1 2017 Reported \$'m	Q1 2016 Reported \$'m	Reported growth %	Organic growth ² %
Advanced Wound Care	133.7	131.3m	1.8%	4.2%
Ostomy Care	121.8	121.1m	0.6%	1.1%
Continence & Critical Care	85.5	86.5m	(1.2)%	(0.1)%
Infusion devices	62.1	64.8m	(4.2)%	(3.1)%
Total revenue	403.1	403.7m	(0.1)%	1.2%

Paul Moraviec, Group Chief Executive Officer, commented:

"We continue to deliver on the strategy set out at the time of our IPO. We had a good start to the year, reflecting consistent execution across all franchises. In particular we saw continued progress in Ostomy, and continuing underlying momentum from Continence & Critical Care, despite the impact of the planned product rationalisation. Growth in Advanced Wound Care was impacted by the timing of orders in the EMEA region.

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

² Organic growth presents year on year growth at constant exchange rates, excluding M&A.

We continue to expect revenue growth to be weighted towards the second half of the year and anticipate full year organic revenue growth greater than the FY2016 rate of 4.0% on a constant currency basis. We are also on track to deliver approximately half of the 300 bps gross margin benefit targeted by our Margin Improvement Programme during 2017.”

Group revenue

Group total revenue increased 1.8%¹ versus the prior year at constant exchange rates, or 1.2%² on an organic basis. On a reported basis, total Group revenue of \$403.1 million was 0.1% lower year on year, impacted by unfavourable foreign exchange movements and in particular the fall in Sterling of 13%, partially offset by a first time contribution from EuroTec.

Advanced Wound Care

Revenue grew 4.2%² on an organic basis, with continuing growth from our AQUACEL® family of dressings, and in particular from our silver and foam products, offset by changes to reimbursement rates in France and the timing of orders in EMEA. Reported revenue of \$133.7 million grew 1.8% compared to the first quarter of 2016.

During the quarter we launched Foam Lite™ in the US and Japan, and Sensi-Care® incontinence wipes in the US. The global rollout of Avelle continued in the quarter with launches in Germany, France, Spain, Italy, Canada and Australia.

Ostomy Care

Revenue grew 3.3%¹ year on year at constant exchange rates, or 1.1%² on an organic basis, reflecting continued progress in executing our return to sustainable growth strategy, along with the expected pricing impact following the renewal of GPO (Group Purchasing Organisation) contracts in the US in the second half of 2016, which reduced total Ostomy revenue by c. 1%. Key developments in the first quarter included:

- Acceleration of new hospital wins in Germany
- Growing momentum in me+™ patient enrolment
- Global launch of Esteem™+ Flex Convex one-piece system

Revenue of \$121.8 million grew 0.6% against the first quarter of 2016 on a reported basis, and included a \$2.5 million contribution from EuroTec.

Continence & Critical Care

Revenue declined 0.1%² year on year on an organic basis, with a c.4% impact in the quarter from the planned rationalisation of the product portfolio. 180 Medical and sales of GentleCath™ continued to drive overall underlying franchise growth. On a reported basis revenue of \$85.5 million declined 1.2% year on year.

During the quarter GentleCath™ Glide was launched in the US. We also launched the GentleCath™ me+™ programme for Continence Care, expanding the Company's existing Ostomy direct-to-consumer programme to support intermittent catheter users.

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

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

Infusion Devices

Revenue declined 3.1%¹ year on year on an organic basis due to anticipated customer inventory reductions more than offsetting underlying demand. Revenue of \$62.1 million declined 4.2% year on year on a reported basis.

During the quarter our Unomedical subsidiary announced an expansion of its manufacturing technology platform for the insulin pump therapy business at Medtronic. With this expansion, we are increasing our production capabilities to sustain the range of infusion sets and insulin pump therapy solutions offered by the Diabetes Group at Medtronic.

Margin Improvement Programme (“MIP”)

We continue to make good progress with our MIP programme and, as scheduled, during the quarter we closed our US manufacturing facility in Greensboro following the transfer of production to the Dominican Republic.

Outlook and guidance

The outlook for the Group, and our detailed guidance for the current financial year, are unchanged from that announced at the time of the FY2016 results on 2 March 2017.

There will be an audiocast for UK analysts & investors today at 08:30 BST which can be accessed via the ConvaTec website www.convatecgroup.com/investors/reports/ A recording will be available on the site shortly afterwards.

There is also a conference call facility:

UK (Local): 020 3059 8125

All other locations: + 44 20 3059 8125

Password: ConvaTec

The presentation for the call can be downloaded at:

www.convatecgroup.com/investors/reports/

A second call for US analysts and investors will be held at 14.30 BST / 09.30 DST:

United States (Local): +1 724 928 9460

Password: ConvaTec

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

Revenue by Geography

	Q1 2017 Reported \$'m	Q1 2016 Reported \$'m	Reported growth %	Organic growth ¹ %
Americas	202.4	195.4	3.6%	+2.8%
EMEA	170.7	178.0	(4.1)%	0%
APAC	30.0	30.3	(1.0)%	(2.7)%
Total revenue	403.1	403.7	(0.1)%	1.2%

Revenues in Americas grew 2.8%¹ on an organic basis, (+3.6% on a reported basis). The region saw growth across a number franchises, including Ostomy Care and Advanced Wound Care, and a good performance from 180 Medical.

Revenue in EMEA was flat on an organic basis, (decline of 4.1% on a reported basis) with growth in Advanced Wound Care offset by anticipated customer inventory reductions in Infusion Devices. Reported growth includes the \$2.5 million revenue from EuroTec, which was more than offset by unfavourable foreign exchange movements

Revenue in Asia Pacific fell 2.7%¹ on an organic basis (decline of 1% on a reported basis) with growth in Advanced Wound Care offset by the impact of MIP initiatives and timing of orders in Ostomy Care and Continence & Critical Care.

Foreign exchange rates

	Q1 2017 Average	Q1 2016 Average
USD/GBP	1.24	1.43
USD/EUR	1.07	1.10

About ConvaTec

ConvaTec is a global medical products and technologies company focused on therapies for the management of chronic conditions, with leading market positions in advanced wound care, ostomy care, continence and critical care, and infusion devices. Our products provide a range of clinical and economic benefits including infection prevention, protection of at-risk skin, improved patient outcomes and reduced total cost of care. To learn more about ConvaTec, please visit www.convatecgroup.com where a copy of this announcement can also be found.

Forward Looking Statements

This document includes statements that are, or may be deemed to be, “forward looking statements”. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group’s control. “Forward-looking statements” are sometimes identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “aims”, “anticipates”, “expects”, “intends”, “plans”, “predicts”, “may”, “will”, “could”, “shall”, “risk”, “targets”, forecasts”, “should”, “guidance”, “continues”, “assumes” or “positioned” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. As such, no assurance can be given that such future results, including guidance provided by the Group, will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements set out in this Presentation. Past performance of the Group cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this document and the Company and its directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this document.