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IMPORTANT: You must read the following disclaimer before continuing. This electronic transmission applies to the attached document and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached prospectus relating to ConvaTec Group Plc (the "Company") dated 26 October 2016 accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission or the attached document to any other person. The attached document has been prepared solely in connection with the proposed offer to certain institutional and professional investors (the "Offer") of ordinary shares (the "Shares") of the Company. The Prospectus has been published in connection with the admission of the Shares to the Official List of the UK Financial Conduct Authority (the "Financial Conduct Authority") and to trading on the London Stock Exchange plc's main market for listed securities (together, "Admission"). The Prospectus has been approved by the Financial Conduct Authority as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA. The Prospectus has been published and is available from the Company's registered office and on the Company's website at www.convatecgroup.com. Pricing information and other related disclosures have also been published on this website. Prospective investors are advised to access such information prior to making an investment decision.

THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT AND THE SECURITIES REFERENCED THEREIN MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITHIN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE US SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION AND THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB AS DEFINED IN, OR IN RELIANCE ON, RULE 144A, OR ANOTHER EXEMPTION FROM, OR TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

CANADIAN INVESTORS ARE ADVISED THAT THIS EMAIL AND THE DOCUMENT ATTACHED HERETO MAY ONLY BE TRANSMITTED IN THOSE JURISDICTIONS IN CANADA AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY OFFERED FOR SALE, AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. THE DOCUMENT ATTACHED HERETO IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING IN CANADA. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THE DOCUMENT ATTACHED HERETO OR THE MERITS OF THE SECURITIES DESCRIBED THEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THE DISTRIBUTION OF THE SECURITIES CONTAINED IN THE DOCUMENT ATTACHED HERETO IS BEING MADE ON A PRIVATE PLACEMENT BASIS ONLY AND IS EXEMPT FROM THE REQUIREMENT THAT THE COMPANY PREPARE AND FILE A

PROSPECTUS WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES.

ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

This electronic transmission and the attached document and the Offer when made are only addressed to and directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). In addition, in the United Kingdom, this electronic transmission and the attached document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This electronic transmission and the attached document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

Confirmation of Your Representation: This electronic transmission and the attached document is delivered to you on the basis that you are deemed to have represented to the Company, those selling shares in the Company in the Offer and Goldman Sachs International, Merrill Lynch International, UBS Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc (which conducts its UK investment banking services as J.P. Morgan Cazenove), Morgan Stanley & Co. International plc, Peel Hunt LLP and RBC Europe Limited (collectively, the "Underwriters") that (i) you are (a) a QIB acquiring such securities for its own account or for the account of another QIB or (b) acquiring such securities in "offshore transactions", as defined in, and in reliance on, Regulation S under the Securities Act; (ii) if you are in the United Kingdom, you are a relevant person, and/or a relevant person who is acting on behalf of, relevant persons in the United Kingdom and/or Qualified Investors to the extent you are acting on behalf of persons or entities in the United Kingdom or the EEA; (iii) if you are in any member state of the European Economic Area other than the United Kingdom, you are a Qualified Investor and/or a Qualified Investor acting on behalf of, Qualified Investors or relevant persons, to the extent you are acting on behalf of persons or entities in the EEA or the United Kingdom; and (iv) you are an institutional investor that is eligible to receive this document and you consent to delivery by electronic transmission.

For investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (the "Relevant Provinces"): You acknowledge and agree that: (a) the securities described in the attached document are only being distributed to investors resident in the Relevant Provinces; (b) you are (i) an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario), as applicable, and, if relying on subsection (m) of the definition of that term, you are not a person created or being used solely to purchase or hold securities as an "accredited investor"; and (ii) you are a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations; and (c) where required by law, you are either participating in the offering as principal for your own account or are deemed to be participating in the offering as principal in accordance with applicable law and not as agent for the benefit of another person.

You are reminded that you have received this electronic transmission and the attached document on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Company, the Underwriters nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing the attached document, you consent to receiving it in electronic form. A hard copy of the document will be made available to you only upon request. None of the Underwriters nor any of their

respective affiliates accepts any responsibility whatsoever for the contents of the attached document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the Shares. The Underwriters and each of their respective affiliates, each accordingly disclaims all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Underwriters or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the attached document.

Restriction: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer of securities for sale to persons other than the specified categories of institutional buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The Underwriters are acting exclusively for the Company and no one else in connection with the Offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Offer or any transaction or arrangement referred to in the attached document.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Prospectus 2016

ConvaTec
Group Plc

Our Values

Caring for People

Driving Innovation and Excellence

Earning Trust

ConvaTec
Group Plc

This document comprises a prospectus (the "Prospectus") for the purposes of Article 3 of European Union Directive 2003/71/EC, as amended (the "Prospectus Directive") relating to ConvaTec Group Plc (the "Company") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the "FCA") made under section 73A of the Financial Services and Markets Act 2000, as amended (the "FSMA"). This Prospectus will be made available to the public in accordance with the Prospectus Rules.

Application will be made to the FCA for all of the ordinary shares of the Company (the "Shares") issued and to be issued in connection with the Offer to be admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange plc (the "London Stock Exchange") for all of the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (the "Main Market") (together, "Admission"). Conditional dealings in the Shares are expected to commence on the London Stock Exchange on 26 October 2016. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on 31 October 2016. **All dealings before the commencement of unconditional dealings will be on a "when issued" basis and of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. No application is currently intended to be made for the Shares to be admitted to listing or dealt with on any other exchange. The new Shares issued by the Company will rank pari passu in all respects with the existing Shares.**

The directors and proposed directors of the Company, whose names appear on page 50 of this Prospectus (together, the "Directors"), and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this Prospectus in its entirety, and in particular, prospective investors are advised to examine all the risks that are relevant in connection with an investment in the Shares. See in Part 1 (Risk Factors) for a discussion of certain risks and other factors that should be considered prior to any investment in the Shares.

ConvaTec Group Plc

(Incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10361298)

Offer of 659,734,996 Shares

at an Offer Price of 225 pence per Share

and admission to the premium listing segment of the Official List

and to trading on the Main Market of the London Stock Exchange

Joint Global Coordinators and Joint Bookrunners

BofA Merrill Lynch **Goldman Sachs International** **UBS Investment Bank**

Joint Bookrunners

Credit Suisse **Deutsche Bank** **J.P. Morgan Cazenove** **Morgan Stanley**

Co-lead Managers

Peel Hunt **RBC Capital Markets**

Sponsor

UBS Investment Bank

Financial Adviser

Evercore

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Issued and fully paid	
Number	Nominal Value
1,951,472,651	£195,147,265

Each of Goldman Sachs International, Merrill Lynch International ("BofA Merrill Lynch"), UBS Limited ("UBS Investment Bank"), Credit Suisse Securities (Europe) Limited ("Credit Suisse"), J.P. Morgan Securities plc (which conducts its UK investment banking services as J.P. Morgan Cazenove) ("J.P. Morgan Cazenove"), Morgan Stanley & Co. International plc ("Morgan Stanley"), Peel Hunt LLP ("Peel Hunt") and RBC Europe Limited, authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA in the United Kingdom, and Deutsche Bank AG, London Branch ("Deutsche Bank"), authorised under German Banking Law (competent authority: European Central Bank and BaFin, Germany's Federal Financial Supervisory Authority) and by the PRA in the United Kingdom, and is subject to supervision by the European Central Bank and by BaFin, and limited regulation in the United Kingdom by the FCA and the PRA, (collectively, the "Underwriters"), and Evercore Partners International LLP ("Evercore" or the "Financial Adviser"), authorised and regulated by the FCA, is acting exclusively for the Company and no one else in connection with the Offer. None of the Underwriters nor the Financial Adviser will regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the Offer or any transaction, matter, or arrangement referred to in this Prospectus. None of the Underwriters, the Financial Adviser nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Offer. Each of the Underwriters, the Financial Adviser and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty express or implied, is made by any of the Underwriters, the Financial Adviser or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Notice to overseas investors

The distribution of this Prospectus and the offer and sale of the Shares in certain jurisdictions may be restricted by law.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"). The Shares may not be offered or sold in the United States, except to qualified institutional buyers ("QIBs"), as defined in, and in reliance on, the exemption from the registration requirements of the US Securities Act provided by Rule 144A thereunder ("Rule 144A") or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A. The Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

No action has been or will be taken by the Company, the Selling Shareholders, the Principal Shareholders, the Underwriters or the Financial Adviser to permit a public offering of the Shares under the applicable securities laws of any jurisdiction. The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Shares may not be offered or sold into, or to or for the account or benefit of any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase any, of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Other than in the United Kingdom, no action has been taken or will be taken to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be

distributed or published in any jurisdiction, other than in the United Kingdom, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Available information

For so long as any of the Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is not subject to Section 13 or 15(d) under the US Securities Exchange Act of 1934, as amended (the "US Exchange Act"), nor exempt from reporting under the US Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Share, or to any prospective purchaser of a Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the US Securities Act.

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A–E (A.1 E.7).This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A—INTRODUCTION AND WARNINGS	
A.1	***Warning*** This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and applied its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	***Subsequent resale of securities or final placement of securities through financial intermediaries*** Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

SECTION B—ISSUER	
B.1	***Legal and commercial name*** ConvaTec Group Plc (the "Company").
B.2	***Domicile and legal form*** The Company is a public limited company with registered number 10361298, incorporated on 6 September 2016 as ConvaTec Group Limited, a private company limited by shares in the United Kingdom, and re-registered as a public company limited by shares and renamed ConvaTec Group Plc on 10 October 2016 with its registered office situated in England and Wales. The Company operates under the Companies Act 2006.
B.3	***Current operations and principal activities*** ConvaTec 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, continence and critical care and infusion devices used in the treatment of diabetes and other conditions. Across its operations as a developer, manufacturer and marketer of innovative medical products, ConvaTec has leading market positions in a number of attractive, structurally growing markets where the Group expects underlying trends to continue driving increased demand globally. The Group operates across four major market franchises:

	SECTION B—ISSUER
	• ***Advanced Wound Care.*** The Advanced Wound Care franchise provides 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. Advanced Wound Care accounted for 32.5 per cent. of the Group's revenue in 2015 and had an addressable market of $5.0 billion, which is expected to grow at five to six per cent. per annum between 2015 and 2020 (sources: BioMedGPS and FMI). • ***Ostomy Care.*** The Ostomy Care franchise provides devices, accessories and services for people with a stoma (a surgically-created opening where bodily waste is discharged), commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes. Ostomy Care accounted for 31.2 per cent. of the Group's revenue in 2015 and had an addressable market of $2.4 billion, which is expected to grow at four to six per cent. per annum between 2015 and 2020 (source: GIA). • ***Continence & Critical Care (CCC).*** The CCC franchise provides products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other causes. The franchise also supplies devices and products used in intensive care units and hospital settings. CCC accounted for 21.1 per cent. of the Group's revenue in 2015. Continence Care is the largest portion of the franchise revenue and had an addressable market in the United States and Europe of $1.8 billion, which is expected to grow at five per cent. per annum between 2015 and 2022 in the United States and three per cent. per annum between 2015 and 2019 in Europe (sources: iData Research and GHX). • ***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 such as Parkinson's disease. In addition, the franchise supplies a range of products to hospitals and the home healthcare sector. Infusion Devices accounted for 15.2 per cent. of the Group's revenue in 2015 and had an addressable market of $0.5 billion, which is expected to grow at five to six per cent. per annum between 2016 and 2020 (source: Daedal Research). On a reported basis in 2015, the Group generated revenue of $1,650.4 million, Adjusted EBITDA of $473.8 million and Adjusted EBIT of $436.8 million. In the six months ended 30 June 2016, the Group generated revenue of $828.9 million, Adjusted EBITDA of $226.2 million and Adjusted EBIT of $209.0 million. As of 30 June 2016, the Group had more than 9,000 employees and conducted business in more than 100 countries. Following completion of the Margin Improvement Programme (the "MIP"), the Group will have eight manufacturing sites in strategic locations in six countries. **Key performance indicators** The Group monitors several KPIs to track the financial and operating performance of its business. These measures are derived from the Group's internal financial systems. As some of these measures are not determined in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

SECTION B—ISSUER						
		Six months ended 30 June		**Year ended 31 December**		
		2016	**2015**	**2015**	**2014**	**2013**
		(unaudited, unless otherwise indicated) ($ million, unless otherwise indicated)				
	Total reported revenue (*audited, except six months ended 30 June 2015*)	**828.9**	**802.4**	**1,650.4**	**1,734.2**	**1,700.7**
	Reported revenue percentage change compared to previous period (*audited, except six months ended 30 June 2015*)	**3.3%**	**—**	**(4.8)%**	**2.0%**	**—**
	Revenue percentage change compared to previous period on a constant currency basis[1]					
	Advanced Wound Care	8.2%	—	5.3%	8.5%	—
	Ostomy Care	1.7%	—	1.3%	(6.2)%	—
	Continence & Critical Care	5.4%	—	5.9%	9.7%	—
	Infusion Devices	5.6%	—	6.2%	3.8%	—
	Total	**5.2%**	**—**	**4.2%**	**2.8%**	**—**
	Gross margin[2]	**48.1%**	**51.8%**	**51.5%**	**52.3%**	**55.6%**
	Adjusted Gross Margin[3]	**58.9%**	**59.9%**	**59.6%**	**60.4%**	**63.4%**
	Adjusted EBITDA[4]	**226.2**	**225.4**	**473.8**	**502.3**	**553.7**
	Adjusted EBIT[5]	**209.0**	**206.8**	**436.8**	**459.6**	**508.7**
	Adjusted EBIT margin[6]	**25.2%**	**25.8%**	**26.5%**	**26.5%**	**29.9%**
	Cash conversion[7]	**81.3%**	**76.0%**	**87.6%**	**88.9%**	**84.0%**
	Notes:					
	(1) In this table, constant currency information is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. Measures presented on a constant currency basis should not be considered in isolation or as an alternative to the measures presented on a reported basis on the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into US dollars at that rate or at any other rate.					
	(2) Gross margin is defined as gross profit divided by revenue.					
	(3) Adjusted Gross Margin is defined as gross margin excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business.					
	(4) Adjusted EBITDA is defined as the net (loss) profit for the period and/or year before income tax expense (benefit), other (income) expense, net, finance costs, and depreciation and amortisation, as adjusted to exclude costs or gains that are excluded by management in assessing the operating performance of the business, including asset impairments, restructuring and other-related costs, remediation costs, share-based compensation, ownership structure costs and other costs.					
	(5) Adjusted EBIT is defined as Adjusted EBITDA, further adjusted to include (i) software and R&D amortisation and (ii) depreciation, excluding accelerated depreciation related to the closure of certain manufacturing plants. Following Admission, Adjusted EBIT will include ongoing stock compensation costs.					
	(6) Adjusted EBIT margin is defined as Adjusted EBIT divided by revenue.					
	(7) Cash conversion is defined as either (i) the ratio of Adjusted EBITDA less change in working capital and capital expenditure to Adjusted EBITDA or (ii) the ratio of net cash generated from operating activities adjusted for cash interest payments, cash tax payments, and other payments within operating activities, less capital expenditure to Adjusted EBITDA. The resulting cash conversion figures are the same under either definition.					
B.4a	***Significant recent trends affecting the Group and the industry in which it operates***					
	In 2015, the Group generated more than 75 per cent. of its revenue from products used by patients with chronic care conditions. The main types of chronic diseases are cardiovascular diseases, cancers, chronic respiratory diseases and diabetes. Chronic diseases, as opposed to acute diseases, are experienced over a long duration and generally progress slowly. They are not passed on from person to person. Diet and obesity are known to be risk factors for many chronic diseases.					
	The fundamental trends affecting the Group and the industry in which it operates include:					
	• **Ageing population:** Between 2015 and 2025, the number of people in the world aged 60 years or over is projected to grow by 36 per cent., from 895 million to 1.2 billion. By 2050, the global population of persons over 60 is projected to more than double in size from 2015, reaching nearly 2.1 billion. There is a strong correlation between age and the incidence of diseases requiring wound, ostomy and incontinence treatment and infusion products.					

	SECTION B—ISSUER
	• **Increased prevalence of chronic conditions:** Several chronic diseases that can be related to lifestyle, such as diabetes and obesity, are on the rise. For example, diabetes prevalence is expected to grow from the current 8.4 per cent. of the global population aged 20 to 79 in 2015 to 9.7 per cent. in 2030—an increase in the number of individuals with the condition of approximately 150 million. Similarly, the prevalence of obesity and severe obesity are forecast to increase by 33 per cent. and 130 per cent., respectively, by 2030. • **Increased patient life expectancy:** Due to earlier detection and more effective treatment, patients with the relevant indications and chronic conditions are living longer on average, extending the period of time where they are likely to be reliant on the industry's products. • **Reimbursement and coverage:** Products within the Group's markets are generally reimbursed via government sponsored healthcare or from private insurance. Reimbursement levels for the Group's products remain relatively stable as they account for only a small percentage of overall healthcare expenditure and yet are vitally important to ensure that the chronic patients they serve have active, productive lives. However, as per capita healthcare costs rise and overall healthcare budgets are further constrained, many global healthcare systems will seek to limit overall cost increases through cost consciousness and pricing pressure. The Company expects approximately one per cent. adverse pricing pressure across the market franchises in the near term.
B.5	***Group structure*** The Company was incorporated in anticipation of the Offer and Admission. Upon determination of the Offer Price, the Company will become the holding company of the Group as the result of a group reorganisation (the "Reorganisation"). The term "Group" refers to Cidron Healthcare Limited and its subsidiaries and subsidiary undertakings prior to the Reorganisation and, upon the Reorganisation taking effect, the Company and its subsidiaries and subsidiary undertakings.
B.6	***Major shareholders*** As at the date of this Prospectus, the Group is owned and controlled by companies ultimately owned by Nordic Capital (being Nordic Capital VI Alpha, L.P. and Nordic Capital VI Beta, L.P., for which Nordic Capital VI Limited acts as General Partner and Nordic Capital VII Alpha, L.P. and Nordic Capital VII Beta, L.P., for which Nordic Capital VII Limited acts as General Partner, together with associated co-investment vehicles) and by the limited liability companies and limited partnerships managed by Avista Capital Managing Member, LLC with interests in the Company, including Avista Capital Partners LP, Avista Capital Partners II LP and their affiliated funds and co-invest vehicles ("Avista", and together with the relevant companies ultimately owned by Nordic Capital, the "Principal Shareholders"), which together beneficially hold approximately 97.0 per cent. of the Company's issued ordinary share capital. Immediately following the Offer and Admission, it is expected that companies ultimately owned by Nordic Capital and limited liability companies and limited partnerships managed by Avista will beneficially hold approximately 45.1 per cent. and 19.5 per cent., respectively, of the issued ordinary share capital of the Company (assuming no exercise of the Overallotment Option) and 41.6 per cent. and 18.0 per cent., respectively, of the issued ordinary share capital of the Company if the Overallotment Option is exercised in full. The Shares owned by the Principal Shareholders rank pari passu with the other Shares in all respects.
B.7	***Historical financial information*** The selected financial information set out below has been extracted without material adjustment from the Group's historical financial information.

Consolidated statement of profit or loss

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Revenue	828.9	802.4	1,650.4	1,734.2	1,700.7
Cost of goods sold	430.5	386.4	799.9	826.6	755.7
Gross profit	**398.4**	**416.0**	**850.5**	**907.6**	**945.0**
Selling and distribution expenses	178.1	174.9	346.7	396.8	374.7
General and administrative expenses	141.9	102.1	233.1	249.7	231.5
Research and development expenses	19.7	20.2	40.3	42.2	31.2
Operating profit	**58.7**	**118.8**	**230.4**	**218.9**	**307.6**
Finance costs	131.1	171.9	303.6	294.9	261.9
Other (income) expense, net	(23.8)	43.9	37.1	23.8	(1.1)
(Loss)/profit before income taxes	**(48.6)**	**(97.0)**	**(110.3)**	**(99.8)**	**46.8**
Income tax expense (benefit)	24.1	10.0	(16.9)	27.4	31.6
Net (loss) profit	**(72.7)**	**(107.0)**	**(93.4)**	**(127.2)**	**15.2**

Consolidated statement of financial position

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Assets					
Property, plant and equipment, net	238.4	254.8	251.5	260.4	280.9
Intangible assets	1,619.5	1,833.8	1,729.1	1,913.3	2,107.8
Goodwill	919.9	842.2	838.1	973.2	1,183.3
Deferred tax assets	4.9	6.8	5.3	6.8	17.1
Restricted cash	3.3	5.5	5.7	7.3	7.1
Other assets	21.7	25.1	23.3	22.8	16.0
Non-current assets	**2,807.7**	**2,968.2**	**2,853.0**	**3,183.8**	**3,612.2**
Inventories	241.8	240.9	228.9	249.8	253.7
Trade and other receivables	244.7	253.1	232.1	241.9	308.2
Prepaid expenses and other current assets	17.3	30.7	23.2	20.0	37.1
Cash and cash equivalents	274.5	244.6	273.0	237.5	275.4
Current assets	**778.3**	**769.3**	**757.2**	**749.2**	**874.4**
Total assets	**3,586.0**	**3,737.5**	**3,610.2**	**3,933.0**	**4,486.6**
Equity					
Common stock	2,253.3	2,253.3	2,253.3	2,253.3	2,253.3
Retained deficit	(2,523.9)	(2,459.6)	(2,448.7)	(2,351.7)	(2,220.7)
Equity reserves	(199.8)	(161.6)	(204.6)	(123.3)	15.1
Total equity	**(470.4)**	**(367.9)**	**(400.0)**	**(221.7)**	**47.7**
Liabilities					
Loans and borrowings	3,492.3	3,474.7	3,477.0	3,533.9	3,721.9
Deferred tax liabilities	173.1	249.6	186.9	235.2	243.8
Provisions	1.2	1.6	1.1	1.9	3.1
Other liabilities	91.0	49.4	59.6	50.4	60.1
Non-current liabilities	**3,757.6**	**3,775.3**	**3,724.6**	**3,821.4**	**4,028.9**

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Trade and other payables	118.1	101.8	114.5	99.4	122.0
Loans and borrowings	12.8	55.8	21.5	43.7	73.6
Accrued expenses and other current liabilities	105.7	115.0	98.1	120.2	127.8
Employee benefits	46.9	44.2	43.6	46.5	55.7
Provisions	13.6	3.4	3.6	8.3	12.9
Deferred revenue	1.7	9.9	4.3	15.2	18.0
Current liabilities	**298.8**	**330.1**	**285.6**	**333.3**	**410.0**
Total liabilities	**4,056.4**	**4,105.4**	**4,010.2**	**4,154.7**	**4,438.9**
Total equity and liabilities	**3,586.0**	**3,737.5**	**3,610.2**	**3,933.0**	**4,486.6**

Consolidated statement of cash flows

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Net cash generated from operating activities	53.0	25.6	100.3	147.6	230.1
Net cash used in investing activities	(27.8)	(14.5)	(36.9)	(89.0)	(36.7)
Net cash (used in) generated from financing activities	(21.5)	4.3	(8.3)	(73.6)	(49.1)
Net change in cash and cash equivalents	3.7	15.4	55.1	(15.0)	144.3
Cash and cash equivalents at beginning of the period	273.0	237.5	237.5	275.4	131.3
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(8.3)	(19.6)	(22.9)	(0.2)
Cash and cash equivalents at end of the period	274.5	244.6	273.0	237.5	275.4

Certain significant changes to the Group's financial condition and results of operations occurred during the years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2015 and 2016. These changes are set out below. Certain financial information below is presented from the Group's income statement using a constant currency translation of non-US dollar amounts into US dollars as a convenience to investors in comparing the Group's period-to-period performance. In the discussion below, constant currency financial information has been estimated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. The measures presented on a constant currency basis should not be considered in isolation or as an alternative to the measures presented on a reported basis on the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into US dollars at that rate or at any other rate.

Revenue increased $26.5 million, or 3.3 per cent., from $802.4 million in the first six months of 2015 to $828.9 million in the first six months of 2016. On a constant currency basis, revenue increased 5.2 per cent. in the first six months of 2016 compared to the first six months of 2015, primarily due to increased sales resulting from growth in the Group's AQUACEL product range, organic growth from the Group's 180 Medical business and increased infusion device volumes sold. Revenue decreased $83.8 million, or 4.8 per cent., from $1,734.2 million in 2014 to $1,650.4 million in 2015. On a constant currency basis, revenue increased 4.2 per cent. in 2015, largely as a result of growth across the AQUACEL product family and organic growth in the 180 Medical business, along with increased volumes in infusion devices. Revenue increased $33.5 million, or 2.0 per cent., from $1,700.7 million in 2013 to $1,734.2 million in 2014. On a constant currency basis, revenue increased 2.8 per cent. in 2014, largely due to sales growth across the AQUACEL product family and incremental sales from the Symbius acquisition along with increased volumes in infusion devices, offset by decreased sales in Ostomy Care.

	SECTION B—ISSUER
	Operating profit decreased $60.1 million, or 50.6 per cent., from $118.8 million in the six months ended 30 June 2015 to $58.7 million in the six months ended 30 June 2016. Operating profit decreased $88.7 million, or 28.8 per cent., from $307.6 million in 2013 to $218.9 million in 2014. These decreases were primarily due to a decrease in gross margin and overall increases in the Group's operating expenses, partially offset by higher revenues as described above. Operating profit increased $11.5 million, or 5.3 per cent., from $218.9 million in 2014 to $230.4 million in 2015, primarily due to overall decreases in the Group's operating expenses partially offset by a decrease in gross margin. Net loss decreased $34.3 million from $107.0 million for the six months ended 30 June 2015 to $72.7 million for the six months ended 30 June 2016, primarily due to an increase in other income and a decrease in finance costs, partially offset by the decrease in operating profit described above. Net loss decreased $33.8 million from $127.2 million in 2014 to $93.4 million in 2015, primarily due to a decrease in income tax expense and an increase in operating profit described above, offset by an increase in finance costs and other expenses. Net profit was $15.2 million in 2013 compared to net loss of $127.2 million in 2014, resulting in a change of $142.4 million, primarily due to a decrease in operating profit as described above, along with an increase in finance costs and other expense. There has been no significant change in the financial position or results of operations of the Group since 30 June 2016, the date to which the last audited consolidated financial information of the Group was prepared.
B.8	***Pro forma financial information*** Set out below is an unaudited pro forma statement of net assets of the Group as at 30 June 2016. It has been prepared on the basis consistent with the accounting policies of the Group and set out in the notes below and in accordance with Annex II of the Prospectus Rules to illustrate the impact on the net assets of the Group of the receipt by the Company of the net proceeds of the Offer, the redemption of existing financing, the drawdown of new financing and the Reorganisation, had these taken place on 30 June 2016. The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma information is based on the audited net assets of the Group as at 30 June 2016. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2016, being the date of the last published balance sheet of the Group. The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus.

Unaudited condensed pro forma statement of net assets as at 30 June 2016

	Group net assets / (liabilities) as at 30 June 2016	Adjustments: Settlement of share based payments arising upon IPO	Adjustments: Net proceeds from the Offer	Adjustments: Refinancing	Unaudited pro forma net assets as at 30 June 2016
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
			($ million)		
Assets					
Non-current assets					
Property, plant and equipment, net	238.4	—	—	—	238.4
Intangible assets	1,619.5	—	—	—	1,619.5
Goodwill	919.9	—	—	—	919.9
Deferred tax assets	4.9	—	—	—	4.9
Restricted cash	3.3	—	—	—	3.3
Other assets	21.7	—	—	—	21.7
	2,807.7	**—**	**—**	**—**	**2,807.7**
Current assets					
Inventories	241.8	—	—	—	241.8
Trade and other receivables	244.7	—	—	—	244.7
Prepaid expenses and other current assets	17.3	—	—	—	17.3
Cash and cash equivalents	274.5	(34.7)	1,749.7	(1,801.4)	188.1
Total Assets	**3,586.0**	**(34.7)**	**1,749.7**	**(1,801.4)**	**3,499.6**
Liabilities					
Non-current liabilities					
Loans and borrowings	(3,492.3)	—	—	1,723.1	(1,769.2)
Deferred tax liabilities	(173.1)	—	—	—	(173.1)
Provisions	(1.2)	—	—	—	(1.2)
Other liabilities	(91.0)	—	—	—	(91.0)
	(3,757.6)	**—**	**—**	**1,723.1**	**(2,034.5)**
Current liabilities					
Trade and other payables	(118.1)	—	—	—	(118.1)
Loans and borrowings	(12.8)	—	—	12.7	(0.1)
Accrued expenses and other current liabilities	(105.7)	—	—	39.2	(66.5)
Employee benefits	(46.9)	—	—	—	(46.9)
Provisions	(13.6)	—	—	—	(13.6)
Deferred revenue	(1.7)	—	—	—	(1.7)
Total liabilities	**(4,056.4)**	**—**	**—**	**1,775.0**	**(2,281.4)**
Net (liabilities) assets	**(470.4)**	**(34.7)**	**1,749.7**	**(26.4)**	**1,218.2**

Notes:

(1) The financial information as at 30 June 2016 has been extracted from the audited consolidated historical financial information of the Group as at 30 June 2016.

(2) The adjustment reflects the redemption of ordinary shares held by certain current and former employees of the Group through two Delaware limited partnerships, Cidron Healthcare MIV 1, LP and Cidron Healtcare MIV 3, LP for cash.

(3) The adjustment reflects the receipt by the Group of gross proceeds from the Offer of $1,792.4 million (through the issue of New Shares), less underwriting commissions and certain other estimated fees and expenses of approximately $42.7 million.

(4) The Group will draw down $1,794.6 million of new term loan and revolving credit facilities (together, the "New Credit Facilities"). Debt issue costs paid of $25.4 million have been capitalised within borrowings and will be amortised over the term of the New Credit Facilities.

The adjustment to borrowings as at 30 June 2016 represents the repayment of borrowings of $3,505 million net of $26.4 million of unamortised debt issue costs that arose in connection with those debt facilities and that will be written off to the consolidated statement of profit or loss, plus accrued but unpaid interest.

	SECTION B—ISSUER
B.9	***Profit forecast*** Not applicable. There is no profit forecast or estimate included in this Prospectus.
B.10	***Qualifications in the audit report on the historical financial information*** Not applicable. There are no qualifications to the accountants' report on the historical financial information.
B.11	***Insufficient working capital*** Not applicable. In the opinion of the Company, taking into account the net proceeds receivable by the Company from the subscription for New Shares in the Offer, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

	SECTION C—SECURITIES
C.1	***Type and class of securities*** Through the issue of 651,111,111 New Shares pursuant to the Offer, the Company expects to raise gross proceeds of £1,465 million, being the pounds sterling equivalent of approximately $1,792 million (calculated at an exchange rate of £1:$1.2235). The New Shares will represent approximately 33.4 per cent. of the expected issued ordinary share capital of the Company immediately following Admission. Approximately 8,623,885 of the existing Shares in the Company (the "Existing Shares") are expected to be sold by the Selling Shareholders. In addition, a further 98,960,249 existing Shares in the Company are being made available by the Principal Shareholders (the "Overallotment Shares") pursuant to the Overallotment Option. When admitted to trading, the Shares will be registered with ISIN number GB00BD3VFW73 and SEDOL number BD3VFW7 and trade under the symbol "CTEC".
C.2	***Currency*** United Kingdom pounds sterling.
C.3	***Issued Share Capital*** On completion of the Reorganisation, the issued share capital of the Company will be £130 million, comprising 1,300,000,000 Shares of ten pence each (all of which will be fully paid or credited as fully paid). Immediately following Admission, the issued share capital of the Company is expected to be £195,147,265 comprising 1,951,472,651 Shares of ten pence each (all of which will be fully paid or credited as fully paid).
C.4	***Rights attaching to the Shares*** The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company. On a show of hands every holder of Shares in the capital of the Company (each, a "Shareholder") who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Ordinary Share. Except as provided by the rights and restrictions attached to any class of shares, Shareholders will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.
C.5	***Restrictions on transfer*** There are no restrictions on the free transferability of the Shares.

	SECTION C—SECURITIES
C.6	***Admission*** Application will be made to the FCA for all of the Shares, issued and to be issued, to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.
C.7	***Dividend policy*** The Directors are targeting a payout ratio of between 35 per cent. and 45 per cent. of Adjusted Net Income over time. The Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the annual total dividend. The current intention of the Board is that the first dividend to be paid by the Company will be an interim dividend in respect of the six months ended 30 June 2017, based on a target payout ratio of 35 per cent. of the first six months of Adjusted Net Income annualised for a full year. The Board may periodically reassess the Company's dividend policy to reflect, among other things, the growth prospects, capital efficiency and profitability of the Company, whilst also maintaining appropriate levels of dividend cover.

	SECTION D—RISKS
D.1	***Key information on the key risks specific to the Group and its industry*** The Group operates in a highly competitive business environment, and the inability to compete effectively could materially adversely affect the Group's business, financial condition and results of operations. If the Group is unable or is perceived to be unable to compete effectively in its core markets or products, its competitive position may be materially adversely affected, which could have a material adverse effect on the Group's pricing, business, financial condition and results of operations. Defects, failures or safety and quality issues associated with the Group's products could lead to product recalls, safety alerts, adverse regulatory actions or litigation (including product liability claims). Even if the Group is successful in defending against such claims, they could nevertheless divert the time, energy and efforts of the Group's management, result in substantial costs to the Group, harm the Group's reputation (including any reputational damage resulting from the failure of third-party devices which use the Group's technology), materially adversely affect the sales of the Group's products and its market share, require the Group to lower its prices or otherwise harm the Group's business. As the Group depends upon a limited group of suppliers and manufacturers for products essential to its business, and for some key raw materials from a single source, the Group may incur significant product development costs and experience material delivery delays if it loses any significant supplier. The Group's own core manufacturing capabilities are supported by third-party contract manufacturers that manufacture some of its products and subcomponents of its products. If the Group encounters a cessation, interruption or delay in the supply of products purchased from third-party manufacturers or such products are not of sufficient quality, it may be unable to obtain such products through other sources on acceptable terms, within a reasonable amount of time or at all.

	SECTION D—RISKS
	Certain of the Group's franchises rely on a limited number of key commercial relationships. For example, in 2015 sales to the largest customer of the Group's infusion device business accounted for approximately one-half of the total sales of that franchise and approximately eight per cent. of the total sales of the Group, and the distribution of the largest supplier to 180 Medical represented a significant proportion of the overall sales of 180 Medical. The Group's inability to maintain its existing key commercial relationships or enter into new contracts on commercially favourable terms could lead to business interruption, reduced sales, lower margins or a loss of existing customers and difficulties in attracting customers. The Group's results may also be impacted materially by the timing of purchasing or de-stocking decisions by its key customers. Changes in regulations, policies, rules or internal cost reduction audit programmes of governmental social health care services regarding billing of the Group's products may also reduce or delay reimbursement for the Group's products, adversely affect the demand for the Group's products and increase compliance costs. The Group's international operations may expose it to risks, including risks related to conducting business outside developed markets, which may cause its profitability to decline. The international scope of the Group's operations exposes it to economic, regulatory and other risks, particularly outside developed markets. If the Group fails to manage these risks effectively, its business, results of operations and financial condition may be materially adversely affected. The Group has sales, research and development and manufacturing operations across many jurisdictions and is subject to rigorous regulation by governmental authorities in each of those jurisdictions. The applicable standards under these regulations are not globally harmonised and are subject to continuous revision, which may entail increased requirements, and in addition, more generally, there appears to be a trend toward more stringent regulatory oversight throughout the world. If the Group fails to achieve acceptable results in an inspection or to comply with applicable regulatory requirements, it may receive a warning letter or could otherwise be required to take corrective action and, in severe cases, the Group could suffer a disruption of its operations and manufacturing delays. Any delay in obtaining or failure to obtain regulatory approvals or clearances may increase the costs and time requirements in order to place devices on the market or prohibit the marketing and sale of such products. In addition, several provisions of the Patient Protection and Affordable Care Act of 2010 (the "ACA") impact specifically on the medical device industry, and in some cases, these rules are new, vague, complex and/or changing.
D.3	***Key information on the key risks specific to the Shares*** There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained which may materially adversely affect the liquidity or trading price of the Shares. If a market for the Shares develops, the Shares could be subject to market price volatility and the market price of the Shares may decline in response to developments that are unrelated to the Company's operating performance, or as a result of sales of substantial amounts of Shares, for example, following expiry of the lock-up period, or the issuance of additional Shares in the future, and Shareholders could earn a negative or no return on their investment in the Company. Immediately following Admission, companies ultimately owned by Nordic Capital and limited liability companies and limited partnerships managed by Avista will continue to own beneficially approximately 45.1 per cent. and 19.5 per cent., respectively, of the issued ordinary share capital of the Company (assuming no exercise of the Overallotment Option). As a result, the Principal Shareholders will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. The interests of the Principal Shareholders may not always be aligned with those of other holders of Shares. Shareholders in the United States or other jurisdictions may not be able to participate in future equity offerings which could result in dilution of such Shareholders' interests in the Company.

	SECTION E—OFFER
E.1	***Net proceeds and costs of the Offer*** Through the issue of 651,111,111 New Shares pursuant to the Offer, the Company expects to raise gross proceeds of £1,465 million, being the pounds sterling equivalent of approximately $1,792 million (calculated at an exchange rate of £1:$1.2235). The Company expects to incur underwriting commissions and other fees and expenses in connection with the Offer of approximately $71.0 million, of which the Company intends to pay approximately $42.7 million from the proceeds of the Offer and pay, or has already paid, approximately $28.3 million from the Group's cash resources. Through the sale of 8,623,885 Existing Shares pursuant to the Offer, the Company expects the Selling Shareholders to raise approximately $23.1 million, net of underwriting commissions and other estimated fees and expenses of approximately $0.7 million.
E.2a	***Reasons for the Offer and use of proceeds*** The Directors believe that this is an appropriate time to bring the Group to the public market, reflecting the robust platform established for future growth, including a re-invigorated management team that are executing on the Group's clear strategy. The Directors believe that the Offer will: • further increase the Group's profile, brand recognition and credibility with its customers, suppliers and employees; • enable the Group to reduce its current leverage; • assist in recruiting, retaining and incentivising key management and employees; and • provide an opportunity for partial realisation of the investment in the Group for its existing shareholders. The Company intends to use the net proceeds from the issue of the New Shares, together with approximately $1,795 million to be drawn under the New Credit Facilities, as follows: • approximately $900 million (excluding accrued interest) to redeem immediately following Admission all of the Group's Senior PIK/Toggle Notes due 2019 (the "PIK Notes") at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on the PIK Notes of approximately $22.1 million; • approximately $1,017 million (excluding accrued interest) to redeem on 15 December 2016 all of the Group's $745 million 10.5 per cent. senior notes due 2018 (the "Senior Dollar Notes") and €250 million 10.875 per cent. senior notes due 2018 (the "Senior Euro Notes" and, together with the Senior Dollar Notes, the "Existing Senior Notes") at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on the Existing Senior Notes of approximately $39.1 million and €13.6 million; • approximately $1,593 million (excluding accrued interest) to repay immediately following Admission outstanding amounts under the Group's existing term loan and revolving credit facilities (together, the "Existing Credit Facilities") plus accrued and unpaid interest of $5.8 million, in the aggregate; and • approximately $34.7 million to repay immediately following Admission the intercompany loan that was used to fund the redemption of ordinary shares in ConvaTec Healthcare A S.à r.l. held by certain current and former employees of the Group immediately prior to Admission and distribute cash currently held on behalf of those employees.
E.3	***Terms and conditions of the Offer*** The Offer consists of an institutional offer only. In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States and (ii) in the United States only to QIBs in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

	SECTION E—OFFER
	The Shares allocated under the Offer have been underwritten, subject to certain conditions, by the Underwriters. Allocations under the Offer will be determined at the discretion of the Company and the Principal Shareholders following consultation with the Joint Global Coordinators. All Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price. It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on 31 October 2016. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 26 October 2016. The earliest date for such settlement of such dealings will be 31 October 2016. The Offer will be fully underwritten by the Underwriters from Admission in accordance with the terms of the Underwriting Agreement.
E.4	***Material interests*** There are no interests, including conflicting interests, that are material to the Offer, other than those disclosed in B.6 above.
E.5	***Selling Shareholders, Principal Shareholders and Lock-up*** The following table sets out the interests of the Selling Shareholders and the Principal Shareholders (all of which, unless otherwise stated, are beneficial or are interests of a person connected with the Selling Shareholder or relevant Principal Shareholder), prior to the Offer and the number of Shares such Selling Shareholder or Principal Shareholder is selling in the Offer.

	Interest immediately prior to Admission		**Existing Shares to be sold pursuant to the Offer**		**Interests Immediately following Admission[1]**	
Selling Shareholder/Principal Shareholder	**No.**	**%**	**No.**	**%**	**No.**	**%**
Nordic Capital[2]	881,048,645	67.8	—	—	881,048,645	45.1
Avista investment companies and partnerships[3]	380,295,156	29.3	—	—	380,295,156	19.5
ConvaTec Management Holdings Limited[4]	38,656,199	3.0	8,623,885	0.7	30,032,314	1.5
Total	1,300,000,000	100	8,623,885	0.7	1,291,376,115	66.2

Notes:

(1) Assuming no exercise of the Overallotment Option. If the Overallotment Option is exercised in full, the Principal Shareholders will sell 98,960,249 Shares, representing 15 per cent. of the Shares in the Offer.

(2) The companies ultimately owned by Nordic Capital with interests in the Company.

(3) The limited liability companies and limited partnerships managed by Avista with interests in the Company, including Avista Capital Partners LP, Avista Capital Partners II LP and their affiliated funds and co-invest vehicles.

(4) ConvaTec Management Holdings Limited holds Shares on behalf of the Management Shareholders, being the Executive Directors, the Senior Managers, certain other employees and former employees of the Group. The Management Shareholders will have the opportunity to sell up to 25 per cent. of their individual shareholding in the Offer, save for three former employees who will be able to sell their entire individual shareholding in the Offer and a limited number of employees who will be able to sell more than 25 per cent. of their individual shareholding in order to meet personal tax liabilities arising from the Reorganisation.

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Coordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

	SECTION E—OFFER
	Pursuant to the Underwriting Agreement and related arrangements, the Principal Shareholders, the Directors and the Senior Managers have agreed that, subject to certain exceptions (including, in respect of the Directors and Senior Managers only, to meet tax liabilities incurred as a result of the Offer or share awards received in connection with Admission), during the period of 365 days in respect of the Directors and the Senior Managers and 180 days in respect of the Principal Shareholders, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. There are exceptions during the lock-up period for (i) any security interests granted to margin loan lenders in respect of any margin loan facilities made available to the Principal Shareholders, and (ii) any transfers of Shares to margin loan lenders, their nominees or affiliates or a third party pursuant to enforcement of any security entered into in accordance with (i), provided, in each case, that such transferee(s) agrees to be bound by the same lock-up undertaking. Such margin loans could encompass the entire shareholdings of the Principal Shareholders.
E.6	***Dilution*** Pursuant to the Offer, existing Shareholders will experience a 33.4 per cent. dilution from the issue of 651,111,111 New Shares (that is, its, his or her proportionate interest in the Company will drop by 33.4 per cent.).
E.7	***Expenses charged to the investor*** Not applicable. No expenses will be charged by the Company or the Selling Shareholders to any investor who subscribes for or purchases Shares pursuant to the Offer or the Principal Shareholders in respect of the Overallotment Shares.

PART 1
Risk Factors

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should carefully consider the risk factors associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Prospective investors should note that the risks relating to the Group, its industry and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The risk factors described below are not an exhaustive list or explanation of all risks which investors may face when making an investment in the Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations and/or financial condition and, if any such risk should occur, the price of the Shares may decline and investors could lose all or part of their investment. An investment in the Shares involves complex financial risks and is suitable only for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Investors should consider carefully whether an investment in the Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Risks relating to the Group's business and industry

The Group operates in a highly competitive business environment, and the inability to compete effectively could materially adversely affect the Group's business, financial condition and results of operations.

The Group operates in highly competitive markets. The Group's Advanced Wound Care franchise and the Hospital Care portfolio within its Continence and Critical Care ("CCC") franchise compete with both large and small companies, including several large, diversified companies with significant market share, including Mölnlycke, Smith & Nephew, Coloplast, Medline and 3M, and numerous smaller niche companies, particularly in the wound care products market. The Group's Ostomy Care franchise and the acute fecal incontinence ("AFI") sub-group of the Group's CCC franchise generally compete with a small number of competitors in their respective markets (including Coloplast and Hollister in the AFI sub-group). In the market for negative pressure wound therapeutics ("NPWT") devices, a market into which the Group is a recent entrant, Acelity is the current market leader, with Smith & Nephew and Mölnlycke holding significant market positions.

The Group may not be able to offer products that are better, or more effective, than those of the Group's competitors or at a price comparable to that of the Group's competitors. Existing or new competitors could introduce innovative new technologies that may be preferred by the Group's customers (primarily comprising hospitals, physicians and other healthcare providers) and patients, which could have a direct impact on the Group's businesses, either through market share losses or by increasing pricing pressure, which is a permanent feature of the industry (see "*If the Group is unable to continue to develop and market new products and technologies in a timely and profitable manner, the demand for the Group's products may decrease or its products could become obsolete, which could materially adversely affect the Group's business, financial condition and results of operations*" in this Part 1 (Risk Factors)). Manufacturers of generic products that have similar functionality to the Group's products could seek to more aggressively target the Group's customers and patients at a lower price point. The Group's existing competition, or new entrants into the markets in which it operates, could also decide to more aggressively compete on price, requiring the Group and others in the industry to reduce prices in an effort to maintain market share. In addition, if the Group's competitors consolidate, they may be able to take advantage of increased bargaining power and economies of scale, which could increase pricing pressure on the Group. Any of the developments above would impact profitability and potentially the attractiveness of the Group's products and/or market segments.

In addition to the Group's direct competitors who make products similar to the Group's, many of the Group's advanced products compete with more traditional products for the same conditions. If the shift from conventional to advanced products were to slow, the Group may face greater competition from manufacturers which do not directly compete with the Group but which make alternatives to the Group's products.

The Group also faces competition from certain of its distributors and other channel partners. In some cases, these channel partners have launched their own brands of products that compete directly with those of the Group. For instance, Medline (a distributor for the Group in the United States) now competes with the Group's Advanced Wound Care and CCC market franchises. If this practice increases, or if the Group is otherwise not able to compete effectively with direct and indirect competitors as described above, the Group's business, results of operations and financial condition may be materially adversely affected.

Defects, failures or safety or quality issues associated with the Group's products could lead to product recalls, safety alerts, adverse regulatory actions, litigation, including product liability claims, or negative publicity that could materially adversely affect the Group's reputation, business, financial condition and results of operations.

Many of the Group's products are characterised by complex manufacturing processes, requiring adherence to demanding product specifications and tolerances. Manufacturers of medical devices, including the Group, from time to time, recall products in situations in which a material deficiency in a device has been identified. In addition, the US Food and Drug Administration (the "FDA") and similar governmental authorities in other jurisdictions where the Group operates and sells products have the authority to require the recall of the Group's products in certain instances. Such recalls, whether initiated on a voluntary basis or otherwise, can result in a range of adverse consequences to the Group, including lost sales, the requirement to hold increased inventories of substitute products, damaged relationships with the FDA and similar governmental authorities, loss of market share to competitors, adverse publicity and reputational harm, in addition to the direct costs of implementing any recall.

For example, in April 2014 the Group initiated a voluntary global recall of its Flexi-Seal CONTROL Fecal Management System as a result of the potential risk of harm associated with inconsistent performance of the product and certain related regulatory issues. The FDA classified this recall as a Class I recall, reflecting a determination that exposure to the device carries a reasonable probability of serious adverse health consequences, including death. In September 2015, the Group received notification from the FDA formally closing out the recall. While sales volumes and prices had largely stabilised by early 2015, the recall contributed to declining sales volumes and price volatility for the product in 2014.

In addition, the manufacture and sale of medical devices and related products expose the Group to a significant risk of litigation, particularly product liability claims. This risk is enhanced because many of ConvaTec's end customers are vulnerable patients with life-threatening conditions. The nature of the Group's products is such that defects in or misuse of them, including through targeted disruption through physical or digital manipulation (such as cyber-attacks), have the potential to cause serious injury. The Group has been and may in the future be subject to product liability claims alleging that the use of the Group's products, including certain Group products manufactured or designed by third parties and third-party devices that include products manufactured by the Group, resulted in adverse effects to patients. For example, in June 2013, Medtronic MiniMed, Inc. ("Medtronic"), issued a FDA Class I recall of certain infusion sets that include P-Cap connectors designed by Medtronic and manufactured by the Group. The recall was initiated due to a safety issue that may occur if insulin or other fluids come in contact with the inside of the tubing/P-Cap connector. This recall resulted in pending or threatened litigation against various Group entities. The Group sent a demand to Medtronic seeking indemnification for these lawsuits consistent with the terms of agreements between them. To date, Medtronic has rejected this demand, and there can be no assurance that the Group will be successful in recovering any potential losses. These lawsuits are all in their early stages, and the Group is currently unable to predict the likelihood of an unfavourable outcome or whether any additional lawsuits will be commenced, or to estimate the amount of any potential loss. Separately, pursuant to an agreement with Medtronic in relation to a 2009 recall of certain infusion sets incorporating the Group's technologies, the Group agreed to reimburse Medtronic for the entire cost of the recall and, with respect to Medtronic's product liability litigation costs, the Group agreed to pay the first $5 million and then 33 per cent. of any additional product liability litigation costs. Under this agreement, the Group has paid approximately $33.4 million since 2009.

Legal proceedings are inherently unpredictable, and any product liability claim brought against the Group, with or without merit, could be costly to defend and could result in excessive verdicts and/or injunctive

relief that may affect how the Group operates its business or result in settlement payments and adjustments not covered by or in excess of insurance. The legal expenses associated with defending against product liability claims, provisioning for legal claims in the Group's financial statements, the obligation to pay a product liability claim in excess of available insurance coverage, or the inability to maintain adequate insurance coverage could increase operating expenses and could materially adversely affect the Group's business, reputation, prospects, financial condition or results of operations.

Even if the Group is successful in defending against such claims, they could nevertheless divert the time, energy and efforts of the Group's management, result in substantial costs to the Group, harm the Group's reputation (including any reputational damage resulting from the failure of third-party devices which use the Group's technology), materially adversely affect the sales of the Group's products and its market share, require the Group to lower its prices or otherwise harm the Group's business. If there is a significant increase in the number or magnitude of product liability claims, the Group's reputation, business, results of operations and financial condition could be materially adversely affected.

As the Group depends upon a limited group of suppliers and manufacturers for products essential to its business, the Group may incur significant product development costs and experience material delivery delays if it loses any significant supplier.

The Group relies on a limited number of suppliers for the raw materials and components used in certain of its products. Wherever possible, the Group attempts to source materials from multiple suppliers. However, some key components and raw materials are from a single source, including certain materials used in the Group's AQUACEL line of products. One or more of the Group suppliers may be unable to supply or decide to cease supplying the Group with raw materials and components for reasons beyond the Group's control, or they may increase prices significantly. Alternative suppliers may be difficult or impossible to identify, may require regulatory pre-approval (see "*The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products, and the regulators responsible for such approvals could delay, increase the cost of, limit or prohibit the marketing and sale of the Group's products*" in this Part 1 (Risk Factors)) and in any event, may take a significant period of time to begin supplying the Group.

In addition, the Group's own core manufacturing capabilities are supported by third-party contract manufacturers that manufacture some of its products and subcomponents of its products. If the Group encounters a cessation, interruption or delay in the supply of products purchased from third-party manufacturers or such products are not of sufficient quality, it may be unable to obtain such products through other sources on acceptable terms, within a reasonable amount of time or at all. In the past, the Group has from time-to-time experienced manufacturing delays at certain of its contract manufacturers which have led to inventory shortages and lost sales by the Group. Although these delays have not led to significant shortages or otherwise had a material commercial impact on the Group, there is no assurance that any future delays will not do so. In addition, the Group undertakes quality inspections and audits the production processes of third-party manufacturers, but these initiatives may be inadequate or incapable of detecting all actual or potential issues. If the Group's agreements with certain manufacturing companies are terminated, it may not be able to find suitable replacements within a reasonable amount of time or at all.

Any cessation, interruption or delay affecting the Group's supply chain, including any delay in or termination of its agreements or relationships with suppliers of the various products and services that the Group relies upon, may impair the Group's ability to manufacture products within its budget, meet scheduled deliveries of its products to its customers and/or cause the Group's customers to cancel orders. Any of these outcomes could materially adversely affect the Group's reputation, business, results of operations and financial condition.

Loss of certain of the Group's key commercial relationships could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in certain concentrated markets such as the United States and United Kingdom, and certain of the Group's franchises rely on a limited number of key commercial relationships. For example, in 2015 sales to the largest customer of the Group's infusion device business accounted for approximately one-half of the total sales of that franchise and approximately eight per cent. of the total sales of the Group, and the distribution of the largest supplier to 180 Medical represented a significant proportion of the overall sales of 180 Medical.

The Group's ability to renew its existing contracts with customers or other contractual counterparties, or to enter into new contractual relationships, either on commercially attractive terms or at all, depends on a range of commercial and operational factors and events, including existing contractual protections and incentives for renewals, the ability of the parties to reach agreement as to pricing, quality or service levels, and the commercial decisions by such counterparties (who may choose to source products or components, in whole or in part, from other suppliers), any of which may be beyond the Group's control. The Group's results may also be materially impacted by the timing of purchasing or de-stocking decisions by its key customers. The Group's inability to maintain its existing contracts and agreements with distributors or payers in concentrated markets, or to enter into new contracts on commercially favourable terms, could lead to business interruption, reduced sales, lower margins or a loss of existing customers and difficulties in attracting customers, which could have a material adverse effect on the Group business, financial condition and results of operations.

If a natural or man-made disaster impacts one or more of the Group's manufacturing facilities or a third-party's manufacturing facilities, the Group could be unable to manufacture its products for a substantial amount of time and its sales and profitability could decline.

Significant portions of the Group's products for certain of its market franchises are produced in a limited number of manufacturing facilities and, as a result of the Group's implementation of its Margin Improvement Programme, this number will decrease. For many of the Group's products, the Group does not have redundancy or sufficient excess capacity at its manufacturing sites, either in terms of space or equipment, to manufacture products at a different manufacturing facility in the event of failure or unavailability of one of the Group's or a third-party's facilities. In the event that any of these facilities are severely damaged or destroyed, including as a result of a natural or man-made disaster, the Group would be forced to shift production to other facilities and/or rely on third-party manufacturers. In some cases, this could take a considerable period of time, which could result in loss of sales, back orders, penalties, damage to the Group's reputation and the loss of customers to the Group's competitors. Such events could have a material adverse effect on the Group's business, financial condition and results of operation. See also "*The Group's business is subject to operational risks for which it may not be adequately insured*" in this Part 1 (Risk Factors).

The Group is exposed to fluctuations in foreign currency exchange.

The Group prepares its financial statements in US dollars, and it derives revenue and/or incurs costs in more than 100 countries, including the United States, United Kingdom, Denmark, Mexico, Slovakia and the Dominican Republic. For instance, in the six months ended 30 June 2016, 55.5 per cent. of the Group's revenue was in currencies other than US dollars (primarily euros and pounds sterling). Accordingly, movements in exchange rates between any of these currencies and the US dollar could have a negative effect on the Group's results of operations and financial condition to the extent the Group has a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency.

Where possible, the Group manages foreign currency risk by matching same currency revenues to same currency expenses, and by strategically denominating debt in certain functional currencies in order to match with projected functional currency exposures. There is no guarantee that the Group will be successful with this strategy. If the Group fails to adequately protect against currency exchange risk, the costs of manufacturing its products and servicing its debt obligations may increase and its results of operations may be materially adversely affected.

In addition, the results of operations and financial conditions of the individual members of the Group are reported in the relevant functional currency of that Group member, which may not be the US dollar. These Group member's assets and liabilities are converted based on the exchange rate on the balance sheet date, and income statement items are converted based on the average exchange rate during the relevant financial period. Foreign exchange rates have seen significant fluctuation in recent years, and significant increases in the value of the US dollar relative to foreign currencies could have a material adverse effect on the Group's reported financial results. The result of the referendum in the United Kingdom to leave the EU resulted in a significant increase in the value of the US dollar relative to sterling, as well as general volatility in the currency exchange market. If the US dollar remains strong relative to sterling and/or the volatility persists, the Group's revenue may be adversely affected (although the impact on profitability may be less significant than any fluctuation in revenue, since the Group incurs certain costs in pounds sterling). For more detail on the risks resulting from the British referendum to leave the EU, see "*The vote by the United Kingdom to leave the European Union could adversely affect the Group*" in this Part 1 (Risk Factors).

Additionally, while the Group presents certain historical financial information on a constant currency basis and a fixed currency basis, and the Directors consider certain constant currency metrics for budgeting and planning purposes in order to analyse results on a period-to-period basis, there can be no assurance that these estimated measures will accurately reflect the Group's operations or results for any particular period or between any periods.

The Group is impacted by global economic trends, which may pose additional risks and exacerbate existing risks to the Group's business.

Although the majority of the Group's products are focussed on the treatment of non-elective and chronic conditions that will impact patients throughout their lives, the global economy, as well as the credit and financial markets, may have an indirect impact on demand for ConvaTec products. For example, the Group may be impacted by institutional or governmental customers purchasing lower cost and/or less advanced products. As such, a negative economic climate in countries where the Group sells and/or exports its products could contribute to reduced demand for the Group's products. Additionally, macroeconomic conditions can have an impact on various areas within the Group's business, including the availability and reliability of vendors and third-party contract manufacturers, the Group's ability to timely collect its accounts receivable and the availability of financing for acquisitions.

The deterioration of economic conditions and lack of available financing have in the past impacted and could in the future impact the Group's business in a variety of ways, including the following:

- loss of employment and lack of health insurance by users of the Group's products as a result of an economic slowdown could depress demand for healthcare services and ConvaTec products;
- shortage of available credit for working capital could lead customers who buy the Group's products, including patients, hospitals and other parties, to limit their purchases or cause them difficulty in meeting payment obligations;
- tightening of credit or disruption in the financial markets could disrupt or delay performance by the Group's third-party vendors and contractors and adversely affect the Group's business; and
- dislocations in the credit or financial markets could limit the availability and size of additional financing and could make it more difficult to amend or renew the Group's existing credit arrangements when required.

If any of these risks were to materialise, the Group's business, results of operations and financial condition may be materially adversely affected.

The vote by the United Kingdom to leave the European Union could adversely affect the Group.

On 23 June 2016 a majority of voters in the UK referendum on membership in the EU voted for the United Kingdom to leave the EU. While it is unclear whether or when the United Kingdom will formally serve notice to the Council of the European Union of its desire to withdraw, negotiations are expected to commence to determine the future terms of the United Kingdom's relationship with the EU, including the terms of trade between the United Kingdom and the EU, and potentially other countries. The effects of the United Kingdom exiting the EU (commonly referred to as "Brexit") will depend on any agreements the United Kingdom makes to retain access to EU markets. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which EU laws to replace or replicate. Brexit could adversely affect economic or market conditions in the United Kingdom, Europe or globally and could contribute to instability in global financial markets, in particular until there is more certainty as to the outcome of the aforementioned decisions and negotiations.

In addition to sales within the United Kingdom, the Group's UK subsidiaries sell products globally, including to other member states in the EU, the United States and to the Group's central distributor in Switzerland, although exports from the United Kingdom did not represent a material percentage of the Group's sales in 2015. While the United Kingdom is expected to seek to negotiate its own trade agreements with the EU, the United States, Switzerland and elsewhere, there can be no guarantee it will be successful in doing so. Accordingly, exports from the United Kingdom may incur increased duties and tariffs following an exit by the United Kingdom from the EU, or the Group may determine to reorganise its manufacturing and distribution channels to mitigate such duties and tariffs, which could result in significant costs.

The Group's regulatory compliance costs may increase as a result of Brexit. In order to market its products in the EU, the Group must receive a European regulatory marking, known as a "CE Mark", to signify compliance with applicable regulatory standards. The Group currently receives its CE Marks from the British Standards Institution ("BSI"), which the EU may cease to recognise as a certified body for the purposes of EU directives on product standards. Further, on an exit from the EU, the United Kingdom may decide to cease compliance with the EU's new Medical Device Regulations that are expected to take effect in late 2016 and which are the regulations governing the affixing of CE Marks on medical devices. Other regulatory regimes applicable to the Group that may be affected by Brexit include rules regarding hazardous waste disposal, the transfer of patient data outside of the EU and certain employment regulations. Any changes to the aforementioned or other regulatory regimes could require the Group to comply with separate regimes in the United Kingdom and the EU, or to develop new policies and procedures or reorganise its operations, any of which could increase the Group's compliance costs.

Many of the Group's patents are registered with the European Patent Office. Following an exit by the United Kingdom from the EU, the Group may be required to register patents separately with the United Kingdom Intellectual Property Office, which could require significant additional expense.

The Group currently relies on certain EU withholding tax exemptions for intra-Group dividends. Going forward, the Group may not be able to benefit from these exemptions, including for intra-Group dividends paid to the Company. There are existing UK tax treaties that may require withholding taxes in some cases, and there can be no guarantee that these will be renegotiated by the United Kingdom following an exit by the United Kingdom from the EU.

The result of the Brexit vote has also led to a decrease in the value of sterling against the US dollar, as well as general volatility in currency exchange markets. For more detail, see "*The Group is exposed to fluctuations in foreign currency exchange*" in this Part 1 (Risk Factors).

Any of the aforementioned possible effects of Brexit, and others that the Group cannot anticipate, could materially adversely affect the Group's business, prospects, financial condition or results of operations.

Cost-containment efforts of the Group's institutional customers, GPOs and third-party payers could materially adversely affect the Group's sales and profitability.

In several of its markets, the Group's products are sold to patients or healthcare providers who pay for the products and receive reimbursements from third-party payers (principally national or local government-sponsored and private health insurance plans) to cover all or a portion of the cost of the Group's products. The Group faces direct and indirect pricing pressure from these arrangements.

In institutional care settings, such as acute care hospitals, third-party reimbursements to healthcare providers are often in the form of a "lump sum" amount based on a patient's diagnosis and/or the medical procedures performed. The cost of medical supplies, such as ostomy supplies and wound dressings, is assumed to be included in the lump sum payment to the relevant healthcare provider, without separate reimbursement for medical supplies. Reductions in lump sum payment amounts by third-party payers have an indirect impact on the Group's sales and profits, as hospital operating margins are compressed and hospitals, in turn, put pressure on medical supply manufacturers' selling prices. In addition, some insurance plans in the United States have adopted, or are considering the adoption of, a system in which the healthcare providers contract to provide comprehensive healthcare for a fixed cost per patient. This system could exacerbate the indirect pricing pressure by healthcare providers on the Group. Outside of institutional care settings, in most developed countries the costs of medical supplies are reimbursed by third-party payers separate from any reimbursements payable for the patient's diagnosis and/or medical procedures performed. Reductions in reimbursement amounts to patients for medical supplies in this setting can have a direct adverse impact on the Group's sales and profits depending on the product categories impacted. The Group believes that nurses, surgeons, hospitals and other healthcare providers may not use, purchase, recommend or prescribe its products and patients may not purchase its products if these third-party payers do not provide satisfactory coverage of and reimbursement for the costs of ConvaTec products or the procedures involving the use of ConvaTec products.

Third-party payers frequently review their coverage policies with respect to existing and new therapies and can, without notice, deny coverage for treatments that may include the use of the Group's products. Some private insurers in managed care systems may also attempt to control costs by authorising fewer elective surgical procedures or by requiring the use of the least expensive products available. In the event that third-party payers, whether private or governmental, deny coverage or reduce their current levels of

reimbursement to the Group's institutional and end-user customers, the Group may be unable to sell certain products on a profitable basis.

Many institutional customers of the Group's products have joined GPOs in an effort to contain costs. GPOs conduct tender processes and/or negotiate pricing arrangements with medical supply manufacturers and distributors, and these negotiated prices are made available to a GPO's affiliated hospitals and other members. These negotiations could lead to pricing pressure on the Group's products, or the Group may not be selected as a provider for certain GPOs in key markets. If the Group is not one of the providers selected by a GPO, affiliated hospitals and other members may be less likely to purchase the Group's products and if the GPO has negotiated a strict compliance contract for another manufacturer's products, the Group may be precluded from making sales to GPO members for the duration of the contractual arrangement.

If the Group faces significant increased pricing pressure from their customers and/or third-party payers, it could materially adversely affect the Group's business results of operations, financial condition and prospects.

Changes in regulatory reimbursement regimes and in regulations, policies, rules and internal cost reduction audit programmes of governmental social health care services regarding billing of the Group's products could reduce or delay reimbursement for the Group's products, adversely affect the demand for the Group's products and increase compliance costs.

For certain of the Group's products, the Group bills governmental social health care services, such as Medicare and Medicaid in the United States and the National Health Service ("NHS") in the United Kingdom, directly. The Group's sales of these products are therefore directly subject to cuts to reimbursement rates, internal cost reduction audit programmes or the imposition of more stringent regulatory requirements for reimbursement. Additionally, the Group faces risks that its products may cease to be covered, or that new products may not be adopted for coverage, under these regimes.

In the United States, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a competitive acquisition programme for items of durable medical equipment, prosthetics, orthotics and supplies ("DMEPOS"). This category of products includes reusable medical supplies dispensed to patients for home use. In addition, President Obama's proposed 2017 budget contained a provision to include ostomy and urological supplies in the DMEPOS Competitive Bidding Program for medical devices sold in retail settings outside of the hospital. While this proposal has not been approved by the US Congress, if enacted, it is likely that over the medium term the Group would experience substantial pricing pressure in respect of the Group's ostomy and urological supplies sold in the United States.

The regulations that govern Medicare and Medicaid reimbursement, including cost reduction audit programmes, are complex and the Group's compliance with these regulations is costly and may be reviewed by federal agencies, including the Department of Health and Human Services, the Department of Justice ("DOJ") and the FDA. See "*In the United States, participation in the Medicare and Medicaid programmes subjects the Group to additional regulation and compliance costs, as well as stringent procedures to participate in competitive bidding programmes*" in this Part 1 (Risk Factors). Failure to ensure reimbursement coverage for existing and new products under these or similar government healthcare regimes, or increased compliance costs, could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted and the Group expects that additional healthcare reform measures in the United States and other countries will be adopted in the future. Any such proposals, if adopted, or the adoption of a national healthcare system in the United States in which prices are controlled by the Government, or any failure by the Group to comply with the existing requirements, could have a material adverse impact on the Group's business, results of operations and financial condition.

Outside of the United States, the rates of reimbursement as well as the number of products used and the reimbursement rates for those products are under constant review across many markets. Although the Group is not aware of any changes being proposed to regulatory reimbursement regimes outside of the United States, any such changes could impact the Group. Any such changes to regulatory reimbursement regimes could have a material adverse impact on the Group's business, results of operations and financial condition.

The Group's Margin Improvement Programme may not be successful.

In the fourth quarter of 2015, the Group commenced a Margin Improvement Programme, or MIP, to drive efficiencies in its manufacturing and distribution cost base. Execution of the MIP has required and will continue to require the expenditure of substantial effort and costs. The Group estimates that it will incur total restructuring and other operating expenditure costs of $40 million to $50 million (half cash and half non-cash), with the majority to be incurred in 2016 ($25 million was accounted for in the first half of 2016). Additional expenditure related to the MIP is expected to bring total Group capital expenditure to around $100 million in each of 2016 and 2017. Successful implementation of the MIP is dependent on assumptions relating to the development of the Group's markets, costs of implementing the MIP, future demand for its products (including its ability to direct customers from discontinued products), success in streamlining the Group's sourcing relationships, advances in the Group's manufacturing capabilities and the capabilities of third-party sources which may prove to be inaccurate. In addition, the reduction of the Group's manufacturing footprint as part of the MIP will result in a degree of disruption to the Group's manufacturing operations. Although the Group has developed and put into place protections to ensure that the movement of manufacturing operations does not have a negative impact on production or otherwise lead to shortages of products, there can be no assurance that the MIP will not cause delays or interruptions in sales or distribution of the Group's products. As a result, the Group may not realise the anticipated cost savings, margin improvement or other benefits it expects to achieve as a result of the MIP and the attention required may divert management attention and resources away from other areas of the Group. If any of these risks were to materialise, it could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's international operations may expose it to risks, including risks related to conducting business outside developed markets, which may impact on its profitability.

The international scope of the Group's operations exposes it to economic, regulatory and other risks, particularly outside developed markets. The Group intends to continue to pursue growth opportunities in emerging markets (which it defines as Latin America, central and eastern Europe (excluding Poland), Africa, the Middle East and APAC (excluding Australia, New Zealand and Hong Kong)), which comprised 11 per cent. of the Group's revenue in 2015 and, following completion of the Group's reduction of its manufacturing footprint as part of the MIP in 2017, will host four of the Group's eight manufacturing sites. The Group's operations outside the United States, Europe and other developed markets are, and will continue to be, subject to a number of risks and potential costs, including:

- lower levels of protection of intellectual property;
- greater payables risk due to difficulty in collecting accounts receivable and longer collection periods;
- trade protection measures and import or export licensing and/or product registration requirements;
- difficulty in staffing, training and managing local operations;
- differing legal and labour regulations;
- labour disputes;
- increased costs of transportation or shipping;
- potential adverse tax consequences, including consequences from changes in tax laws and the imposition or increase of withholding and other taxes on remittances and other payments by international subsidiaries, which, among other things, may preclude payments or dividends from certain subsidiaries from being used for debt servicing and exposure to adverse tax regimes. For instance, the Group has subsidiary operations in the free trade zone of the Dominican Republic, which recently imposed a withholding tax on entities operating in the free trade zone;
- heightened prevalence of expectations by suppliers, distributors, customers and/or government officials for facilitation and other potentially improper payments;
- political and economic instability;
- risks associated with conducting business in countries subject to sanctions, including Iran, Syria, Myanmar and Zimbabwe, and any breach by the Group or one of its distributors of any licencing requirements or other regulations; and
- security risks associated with criminal activity in certain countries.

The Group is and may become increasingly dependent on regional Group subsidiaries and local distributors for compliance and adherence to local laws and regulations. Local distributors may not adhere to the Group's own business practices and policies, which could result in compliance risk and grey market sales in certain markets. The Group has historically received several allegations of misconduct which took place prior to July 2014 and which each resulted in internal investigations and, in one instance, a regulatory fine of $38,000. In April 2015, the Group received a letter from the World Bank stating that it intended to pursue sanctions against a Group subsidiary for fraudulently misrepresenting the commission amounts paid to its agent and colluding with Bangladesh officials between 2007 and 2012. The contracts at issue involved sales of less than $2.9 million. The Group submitted a response to these allegations explaining that sanctions were not warranted and the Group is currently awaiting the World Bank's response. If the World Bank were to commence proceedings against the Group or sanction it for any historic practices, it could have a negative impact on the Group's reputation, result in a penalty, and may have a negative impact on the Group's ability to participate in future tenders involving development bank funding.

To minimise the risk of similar incidents in the future, the Group has implemented, and monitors adherence to, additional policies to prohibit improper payments and has developed further training, compliance programmes and contractual protections to discourage such practices by its employees, distributors and other agents. Although a significant number of the Group's distributors have been assessed and screened under the new compliance programmes and migrated to new contracts reflecting the Group's updated policies and procedures (including audit rights), the Group's internal and third-party initiatives are on-going and there can be no assurance that they will be successful, will prevent all misconduct by counterparties or will not require further management time or expense to develop and implement. Failure of these policies, compliance programmes or contractual protections could result in violations of laws and regulations.

Any violation of laws and regulations by the Group or a failure of distributors to comply with the Group's established business practices and policies could result in legal or regulatory sanctions against the Group and potentially damage its business and reputation, any of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Failure to comply with the US Foreign Corrupt Practices Act (the "FCPA"), the UK Bribery Act 2010 (the "UK Bribery Act") and other anti-corruption, anti-bribery and anti-money laundering laws associated with the Group's activities could subject the Group to penalties and other adverse consequences.

The Group is subject to a wide range of antitrust, anti-competition, anti-fraud and anti-bribery laws, such as the FCPA, the UK Bribery Act and similar laws in other countries, as well as to obligations to business partners, including the World Bank Group, related to anti-corruption compliance. Actual or alleged violations of applicable laws, regulations, or anti-corruption compliance contractual requirements could create a substantial liability for the Group and also damage the Group's reputation or cause a loss of business opportunity in the markets in which the Group operates. The Group interacts with foreign officials and otherwise has business in some countries generally recognised as having business environments where corrupt activity is more likely to take place. The Group's activities in these countries create the risk of unauthorised payments or offers of payments by the Group's employees or agents which could result in violation of the various anti-corruption laws to which the Group is subject. There have been allegations of historical misconduct in certain markets in which the Group operates. For more detail, see "*The Group's international operations may expose it to risks, including risks related to conducting business outside developed markets, which may impact on its profitability.*" in this Part 1 (Risk Factors).

The Group has implemented policies to prohibit, and developed training and compliance programmes to discourage, these practices by its employees and agents, and the Group conducts investigations promptly when allegations of improper conduct are made. However, the Group is subject to a wide variety of requirements in a large number of jurisdictions and the Group's existing and any further safeguards may prove to be ineffective. If employees or agents of the Group violate regulatory requirements or the Group's policies or fail to maintain adequate record-keeping and internal accounting practices to accurately record the Group's transactions, the Group may be subject to regulatory sanctions, including monetary fines, criminal penalties, disgorgement of profits and suspension or debarment of the Group's ability to contract with government agencies or public international organisations or to receive export licenses, any of which could materially adversely affect the Group's business, results of operations and financial condition.

If the Group is unable to continue to develop and market new products and technologies in a timely and profitable manner, or to expand into new geographic markets on the timetable planned or at all, it may experience declining demand and revenue.

New products (including the Group's new Avelle and other forthcoming NPWT products) and extensions of existing product lines (such as AQUACEL Foam, AQUACEL Ag+, GentleCath Glide and a soft convex range in Ostomy Care) represent a significant component of the Group's strategy for both the maintenance of the Group's current market position and continued growth. Further, the Group plans to enter new large markets by, for instance, launching its GentleCath range in Europe. However, the Group may experience delays or significant costs in developing or receiving approvals for new products or entering new markets, and the Group's competitors may gain a competitive advantage if they are able to develop and release new products ahead of the Group.

Research and development efforts may require a substantial investment of time and resources before determination as to the commercial viability of a new product, technology, material or other innovation, but there can be no assurance that these efforts will be successful or that any new products will become commercially viable.

The process of obtaining regulatory clearances and approvals to market a new medical device, or a significant modification to an existing device, or to launch an existing product in a new market, can be costly and time consuming for the Group and approvals and clearances might not be granted for future products on a timely basis, if at all. For more detail on the regulatory requirements for bringing new products to market, see "*The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products, and the regulators responsible for such approvals could delay, increase the cost of, limit or prohibit the marketing and sale of the Group's products*" in this Part 1 (Risk Factors). The Group may be required to conduct or sponsor clinical trials or third-party assessments by governmental or other regulatory authorities, or may do so voluntarily in order to qualify for favourable regulatory categorisation. Clinical trials are expensive and require significant investment of time and resources and may not generate the data the Group needs to support required submissions for approvals from regulatory bodies. Failure to comply with relevant regulations and directives in the country where a clinical trial is being conducted, including, but not limited to, failure to obtain adequate informed consent of subjects, failure to adequately disclose financial or other conflicts of interest or failure to report data or adverse events accurately, could result in fines, penalties, suspension of trials and the inability to use the data to support the marketing authorisation process and subsequent reimbursement filings.

In addition, if the Group's competitors' new products and technologies reach the market before the Group's products, those competitors may gain a competitive advantage or render the Group's products obsolete. Similarly, the Group has expanded its direct-to-consumer capabilities and aims to continue doing so, but there can be no assurance that the Group will be as successful as its competitors at reaching end-consumers and patients. The ultimate success of the Group's product development and patient outreach efforts will depend on many factors, including, but not limited to, the Group's ability to create innovative designs and materials, provide innovative medical solutions and techniques for the Group's customers, accurately anticipate and meet customers' needs, commercialise new products in a timely manner and manufacture and deliver products in sufficient volumes on time.

Even if the Group is able to develop new products or innovations for existing products, these developments may not produce revenue in excess of the costs of development, or may cannibalise sales of the Group's higher-margin existing products, as the Group has experienced with certain of its more mature hydrocolloid wound dressings. In addition, new products and technologies may be quickly rendered obsolete as a result of changing customer preferences or the introduction by the Group's competitors of products embodying new technologies or features.

The Group's strategy includes plans to expand its operations into new markets. Although this strategy will aim to leverage the Group's existing capabilities, technologies and commercial platforms, there can be no assurance that it will be successful in this expansion. In particular, the Group may encounter intellectual property constraints as a result of varying regulatory and reimbursement practices, varying consumer preferences or strong competition from existing market participants.

If the Group fails to manage these risks effectively, its business, results of operations, financial condition and prospects may be materially adversely affected.

Due to the technical nature of its products, the Group is dependent on its intellectual property and if the Group is unsuccessful in protecting, maintaining and enforcing its intellectual property, or is subject to claims that it has violated the intellectual property rights of third parties, its competitive position could be harmed.

The Group relies on a combination of patents, trade secrets, copyrights, trademarks, licence agreements and contractual provisions to establish and protect the intellectual property rights of its products and the processes for the development, manufacture and marketing of the Group's products. In addition, the Group has patent applications pending with respect to other components and products, and the Group also applies for additional patents in the ordinary course of business. However, these precautions offer only limited protection, and would not, for example, protect against the Group's proprietary information becoming known to, or being independently developed by, competitors. The Group cannot be sure that existing or future patents, if any, will afford adequate protection or any competitive advantage, that any future patent applications will result in issued patents or that the Group's patents will not be circumvented, invalidated or declared unenforceable. Additionally, the Group's proprietary rights in intellectual property may be challenged and the Group may face claims that it has violated the intellectual property rights of third parties.

The Group also uses non-patented, proprietary know-how, trade secrets, processes and other proprietary information and currently employs various methods to protect this proprietary information, including confidentiality agreements, invention assignment agreements and proprietary information agreements with vendors, employees, independent sales agents, distributors, consultants, and others. However, these agreements may be breached. Governmental agencies or other national or state regulatory bodies may require the disclosure of such information in order for the Group to have the right to market a product. An agency or regulator may also disclose such information on its own initiative if it should decide that such information is not confidential business or trade secret information. Trade secrets, know-how and other unpatented proprietary technology may also otherwise become known to or independently developed by the Group's competitors.

The wound care, ostomy care, infusion devices and continence care industries are highly litigious with respect to the enforcement of patents and other intellectual property rights. In some cases, intellectual property litigation may be used to gain a competitive advantage. The Group has in the ordinary course of business been, and in the future may be, a party to lawsuits involving patents or other intellectual property and it may incur significant costs in prosecuting and defending such actions with no assurance that such an action will be resolved in its favour. If disputes are resolved against the Group, it may be subject to significant damages and the testing, manufacture or sale of one or more of the Group's technologies or products may be restricted, or the Group's competitors could introduce products replicating the design and/or features of the Group's own products.

In addition, the laws of some of the countries in which the Group's products are or may be sold may not protect the Group's products and intellectual property to the same extent as other countries such as the United States or in Europe, if at all. The Group may also be unable to protect its rights in trade secrets, trademarks and unpatented proprietary technology in certain countries.

In addition, the Group holds patent, trademark and other intellectual property licences from third parties for a limited number of its products and on technologies that are necessary in the design and manufacture of some of its products. The loss of such licences could prevent the Group from manufacturing, marketing and selling these products.

If any of these risks were to materialise, the Group's business, results of operations, financial condition and prospects could be materially adversely affected.

The Group's operations are subject to environmental, health and safety laws and regulations that could require the Group to incur material costs.

The Group's operations are subject to national and local environmental laws, regulations and other requirements in the geographical locations in which the Group operates, including regulations governing the generation, use, manufacture, handling, transport, storage, treatment and disposal of, or exposure to, hazardous materials, discharges to air and water, clean-up of contamination and occupational health and safety matters. While the Group does not believe its activities are high risk from an environmental perspective, the Group cannot eliminate the risk of environmental contamination or injury to employees or third parties and may incur liability as a result of any contamination or injury, or be subject to fines and penalties for any failure to comply with environmental or occupational health and safety regulations, the

incurrence of which could have a material adverse impact on the Group's financial condition and results of operations.

In addition, under some environmental laws and regulations, the Group could also be held responsible for costs relating to any contamination at past or present facilities and at third-party waste disposal sites where the Group has sent waste in the past. These could include costs relating to contamination that did not result from any violation of law, and in some circumstances, contamination that the Group did not cause. Any such expenses or liability could have a material adverse impact on the Group's financial condition and results of operations.

The enactment of stricter environmental or health and safety laws or regulations and/or the stricter interpretation of existing laws and regulations may require the Group to make additional expenditures, which could materially adversely affect the Group's business, results of operations and financial condition.

The Group's business is subject to operational risks for which it may not be adequately insured.

The Group is exposed to a variety of risks that could lead to the interruption of its business operations or otherwise subject the Group to significant losses, including, but not limited to, accidents, natural disasters, product liability, environmental damage and other events. The Group maintains insurance policies for general liability, product liability, property, workers' compensation and employer's liability, procurement, foreign liability, cargo, crime and kidnap and ransom, which cover risks that may arise through the course of normal business operations. The Group also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer coverage, employment practices, and fiduciary liability coverage.

There can be no assurance that the Group's insurance policies will be adequate to cover all material risks that the Group faces or that the Group will be able to maintain its current insurance coverage or to do so at similar premiums. Some risks are not possible to cover and, in certain locations, insurance may not be available or may be available at costs that management does not consider to be commercially reasonable. In addition, the Group's insurance premiums for certain risk coverage, including product liability, have recently experienced significant increases, and they may rise again in the future as a result of the Group's product or service offerings, claims history or market conditions. At present, the Group is only insured against medical malpractice in the United Kingdom and against business interruption at its manufacturing facilities. The Group is not insured against terrorist acts, acts of war or cyber-attacks.

If one or more events occur for which the Group is uncompensated or under-compensated by insurance, the resulting costs could, alone or in combination, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's provision of information to patients and other users of its products exposes it to claims of malpractice or adverse regulatory action.

In late 2015, the Group launched me+, a programme for ostomy patients that provides (among other benefits) access to specialised nurses and information providing support for patients learning to live with their ostomies. Other areas in the Group's business, in particular, 180 Medical, also have direct interaction with customers, including providing them with information about the Group's products as well as third-party products. Such representatives are not licensed as healthcare professionals and therefore may not give medical advice. The Group has developed guidelines for its employees and has implemented other procedures to provide quality control of the information that it publishes or provides, but there can be no assurance that such quality control procedures will be sufficient to ensure that there are no errors or omissions in information provided by the Group or these employees. If that information, or information and other content obtained from third parties, contains inaccuracies, it is possible that customers may bring claims against the Group for various causes of action. Even if potential claims do not result in liability to the Group, defending such claims could have material adverse effects as described in "*Defects, failures or safety or quality issues associated with the Group's products could lead to product recalls, safety alerts, adverse regulatory actions, litigation, including product liability claims, or negative publicity that could materially adversely affect the Group's reputation, business, financial condition and results of operations*" in this Part 1 (Risk Factors).

In addition, a number of jurisdictions in which the Group operates generally require licensing for the practice of activities performed by healthcare professionals. The Group does not believe it requires such licensing for its own activities in the jurisdictions in which it currently operates. To the extent any such

jurisdiction determines that the activities of the Group (including in particular those relating to its me+ programme) violate these requirements, it may seek to require the Group to discontinue those activities or subject the Group to penalties or licensure requirements.

Any claim of malpractice or other liability, or adverse regulatory action as described above, could materially adversely affect the Group's reputation, business, results of operations and financial condition.

Loss of the Group's key senior management, technical experts or other personnel, or an inability to attract such personnel, could impact the Group's business, financial condition and results of operations.

The success of the Group's business depends, to a substantial extent, on the ability and experience of members of its senior management and certain customer-facing employees, as well as technical experts focused on the development of new products and technologies. Additionally, the Group must continue to attract senior management, technical experts and other qualified personnel in the markets in which the Group operates. The loss of, or a delay in replacing, a number of the Group's senior management, technical experts, qualified personnel or customer-facing employees, or the failure to attract and retain highly skilled and qualified personnel across all levels of the organisation or to continue to successfully expand, train, manage and motivate the Group's employee base, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to integrate successfully businesses that it may acquire in the future, and it may not be able to realise the anticipated cost savings, revenue enhancements or other synergies from such acquisitions.

While the Group does not anticipate transformational acquisitions in the near term, the Group does consider strategic acquisitions as part of its growth strategy and business plan. The process of integrating such acquired businesses involves risks. These risks include, but are not limited to:

- demands on the Group's management related to integration processes;
- diversion of management's attention from the management of daily operations to the integration of newly acquired operations;
- difficulties in the assimilation of different corporate cultures, practices and sales and distribution methodologies;
- difficulties in conforming the acquired company's accounting, book and records, internal accounting controls, and procedures and policies to ours;
- retaining the loyalty and business of the customers of acquired businesses;
- retaining employees who may be vital to the integration of the acquired business or to the future prospects of the combined businesses;
- difficulties and unanticipated expenses related to the integration of departments, information technology systems and accounting systems;
- difficulties integrating technologies and maintaining uniform standards, such as internal accounting controls, procedures and policies; and
- unanticipated costs and expenses associated with any undisclosed or potential liabilities.

Failure by the Group to successfully transfer business operations and to otherwise integrate the operations of any acquired businesses may result in lower revenue, earnings and/or reduced operating efficiency than if the Group had not acquired such businesses and lead to a loss of customers from the acquired businesses.

Furthermore, even if the Group is able to successfully integrate the operations of acquired businesses, the Group may not be able to realise the potential cost savings, synergies and revenue enhancements that were anticipated from the integration, either in the amount or within the time frame that the Group expects, and the costs of achieving these benefits may be higher than, and the timing may differ from, what is expected. The Group's ability to realise anticipated cost savings, synergies and revenue enhancements may be affected by a number of factors, including, but not limited to, the following:

- the use of more cash or other financial resources on integration and implementation activities than expected;

- increases in other expenses unrelated to the acquisitions, which may offset the cost savings and other synergies from the acquisitions;
- the inability to eliminate duplicative overhead and overlapping and redundant selling, general and administrative functions, rationalise manufacturing capacity and shift production to more economical facilities;
- the integration of information technology systems and customer data; and
- ability to avoid labour disruptions in connection with any integration, particularly in connection with any headcount reduction.

If the Group fails to realise anticipated cost savings, synergies or revenue enhancements from such acquisitions, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Failure by the Group to comply with privacy and data protection laws and regulations may lead to liability or regulatory action taken against the Group.

In the course of its business, the Group collects and uses information from customers, patients and employees, which is subject to data protection and privacy regulation, including but not limited to the Data Protection Act 1998 (the "DPA") in the United Kingdom and the Health Insurance Portability and Accountability Act ("HIPAA") and the Health Information Technology and Clinical Health Act ("HITECH") in the United States. Under such regulations, the Group is required to maintain policies and procedures designed to protect individuals' data, the failure of which could subject the Group to claims from customers, patients and employees or regulatory sanctions including fines. The Group has experienced theft and inadvertent distribution of customer, patient and employee data, which has led to the Group reporting such incidents to the relevant authorities and entering into remediation agreements, and may (even after implementing remedial measures) suffer from such incidents again in the future. Concerns about the Group's ability to secure data could also damage the Group's reputation and, in particular, endanger the commercial success of the Group's me+ programme, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on the performance of its financial reporting and information technology systems, the interruption, inadequacy or other failure of which could have an adverse effect on the Group's business, financial condition and results of operations.

The Group relies heavily on its operational processes, financial reporting and information technology and communication systems. The Group's capacity to generate business, effectively manage its risk profile and service its customers depends on storing, retrieving, processing, presenting and managing information. The Group has undertaken work to improve and enhance its internal control processes over the last three years. The Group believes its internal control processes are adequate, and it keeps them under continual review. Such new internal control processes (some of which are still subject to initial testing), or any newly implemented processes or further enhancements that are established in the future, may take time to implement and/or may involve significant costs and/or management resources. If the Group's internal control processes are ineffective, the Group does not make the correct technology choices or investments or if the Group's choices or investments are insufficiently prompt or cost-effective, it could materially adversely affect the Group's business, financial condition and results of operations.

In addition, interruption or loss of the Group's computer and information system capabilities, the failure of computer equipment or software systems, failure of the Group's website, telecommunications failure or other disruption, whether due to system failures, computer viruses, software errors, cyber-attacks (including "phishing"), theft of or physical damage to IT hardware or otherwise, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group has significant goodwill and other intangible assets and potential impairment of goodwill and other intangibles may significantly impact the Group's profitability.

Goodwill and intangible assets represent a significant portion of the Group's total assets. Finite-lived intangible assets are subject to an impairment analysis whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. If an impairment exists, the Group would be required to take an

impairment charge with respect to the impaired asset. Events giving rise to impairment are difficult to predict and are an inherent risk in the medical device industry. As a result of the significance of goodwill and intangible assets, the Group's financial condition and results of operations in a future period could be negatively impacted should such an impairment of goodwill or intangible assets occur.

The Group may be exposed to changes in taxation in the jurisdictions in which it operates and/or tax authorities may disagree with the positions the Group has taken or intends to take.

Companies in the Group account for and pay tax in the jurisdictions where they are resident and, if applicable, in any other jurisdiction in which they have a permanent establishment or other taxable presence. Significant changes to and interpretation of tax laws and regulations, including changes in the basis or rate of corporation tax, withdrawal of allowances or credits, imposition of new taxes or changes to withholding taxes could have a material impact upon the Group's tax charges. For example, in October 2015, the Organisation for Economic Co-operation and Development issued a package of reports on its Action Plan on Base Erosion and Profit Shifting ("BEPS"). The reports set out recommendations and areas of further work to be undertaken in 2016 and 2017. The timing and form of any changes to local and/or EU tax legislation in the territories in which the Group operates arising from the BEPS project remain uncertain but could, for example, result in additional reporting and disclosure obligations for the Group and a risk of additional tax being paid by the Group.

Certain tax positions taken by the Group are based on external tax advice and/or are based on assumptions that involve a degree of judgment. The tax authorities in any applicable jurisdiction may disagree with the positions the Group has taken or intends to take regarding the tax treatment of any of the Group's transactions. If challenges to the Group's tax positions (through tax audits or otherwise) were to be successful, the Group may be required to pay additional taxes, penalty charges and interest, and it may incur costs in defending litigation or reaching a settlement with the relevant tax authority.

If any of the above were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to medical devices regulation

The Group's medical products are subject to rigorous regulation by governmental authorities such as the FDA, the EU, the EEA and numerous other national and/or local governmental authorities in the countries in which the Group manufactures and sells its products. These governmental regulations govern, among other things, the research testing, manufacturing, safety, clinical efficacy, effectiveness and performance, product standards, packaging requirements, labelling requirements, import/export restrictions, storage, recordkeeping, promotion, distribution, production, tariffs, duties and tax requirements. The Group's products and operations are also subject to industrial standards and the rules of associations of healthcare professionals. Below are some of the specific risks to which the Group is exposed as a result of extensive regulatory regimes.

The Group operates across many jurisdictions and is therefore subject to many different regulatory regimes with varying rules.

The Group has sales, research and development and manufacturing operations across many jurisdictions and is subject to rigorous regulation by governmental authorities in each of those jurisdictions. The applicable standards under these regulations are not globally harmonised and are subject to continuous revision, which may entail increased requirements. In addition, and more generally, there appears to be a trend toward more stringent regulatory oversight throughout the world. This regulatory environment may have a material impact on existing device marketing authorisations as well as future device registration applications, requirements and timings, which may, in turn, have a material impact on the Group's ability to market its devices.

In addition, government health or other regulatory organisations in many countries require products sold in their jurisdictions to be qualified before they can be marketed with the benefit of insurance or government healthcare reimbursement eligibility. This can create an elevated level of risk in emerging markets in which the Group operates, in particular, since their new regulations and product registration requirements continue to evolve. Failure or delayed receipt of relevant national or state qualifications could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is required to expend significant time, effort and expense in bringing new products to market and to adhering to post-market requirements. The Group is required to implement and maintain stringent reporting, product labelling and record keeping procedures and must make available its manufacturing facilities and records for periodic inspections by governmental agencies and comparable agencies in other countries to assess compliance with current good manufacturing practice requirements in applicable jurisdictions. Regulatory agencies are increasingly applying regulatory requirements to the post-market phase and are increasing reporting requirements and post market clinical follow-up. The Directors believe this trend is likely to continue and could result in the need for more frequent post-market clinical studies or registry studies, increasing the costs involved in maintaining product registrations and keeping the Group's products on the market.

The Group may fail to achieve acceptable results in inspections or comply with applicable regulatory requirements.

Various national and local regulatory agencies have become increasingly vigilant in recent years in business practice investigations, including research and development activities, manufacturing, sales and reimbursement reporting. If the Group fails to achieve acceptable results in an inspection or to comply with applicable regulatory requirements, it may receive a warning letter or could otherwise be required to take corrective action and, in severe cases, the Group could suffer a disruption of its operations and manufacturing delays. In the past, the Group has been required to take discrete remediation actions at certain of its manufacturing facilities in response to ordinary course investigations by regulators, including the FDA.

Governmental and regulatory actions against the Group can materially adversely impact its operations, resulting in:

- the recall or seizure of products;
- the issuance of warning letters;
- operating restrictions or the suspension or revocation of the authority necessary for the production or sale of a product;
- the suspension of shipments from particular manufacturing facilities;
- delays in approvals of products by governmental authorities;
- the imposition of fines and penalties;
- the delay of the Group's ability to introduce new products;
- the exclusion of the Group's products from healthcare reimbursement programmes;
- issuances of alerts blocking the export of its products from or the import of its products into a particular jurisdiction; and
- other civil or criminal sanctions.

As government authorities and courts interpreting the relevant laws and regulations throughout the world have become increasingly stringent, the Group may be subject to more rigorous regulation or more frequent investigations in the future. Although the Group has implemented increased oversight capabilities in its manufacturing, research and distribution activities in recent years, there can be no assurance that regulatory agencies or other governmental authorities would find that the Group has fully complied with all applicable requirements in all instances or agree with the Group's interpretation of applicable regulatory requirements. Any such regulatory or governmental actions, in combination or alone, or a public announcement that the Group is being investigated for possible violations of regulatory laws, could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

For more detail on risks relating to corrective actions that have been required in the past, see "*Defects, failures or quality issues associated with the Group's products could lead to product recalls or safety alerts, adverse regulatory actions, litigation, including product liability claims, and negative publicity that could materially adversely affect the Group's reputation, business, financial condition and results of operations*" in this Part 1 (Risk Factors).

The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products, and the regulators responsible for such approvals could delay, increase the cost of, limit or prohibit the marketing and sale of the Group's products.

The Group is required to obtain regulatory approvals prior to marketing and selling certain of its products. For instance, in the United States, before a new medical device or a new use of, or claim for, an existing device can be marketed, it must first receive either pre-market clearance under Section 510(k) of the US Federal Food, Drug and Cosmetic Act ("FDCA") or pre-market approval from the FDA, unless an exemption applies. The Group's currently commercialised devices are either 510(k) exempt or have received pre-market clearance under Section 510(k) of the FDCA. However, if the FDA disagrees with the Group's determination and requires the Group to submit new 510(k) notifications or pre-market approvals ("PMAs") for modifications to the Group's previously cleared products for which the Group has concluded that new clearances or approvals are unnecessary, the Group may be required to cease marketing or to recall its modified product until it obtains clearance or approval, and it may be subject to significant regulatory fines or penalties as a result. Any FDA approvals required in the future could subject the Group to delays before commencing marketing and sales, or the FDA could limit or deny an approval sought by the Group.

In the EU, the Group's devices are required to comply with the essential requirements of the EU Medical Device Directive ("MDD") before they can be commercialised. Compliance with these requirements entitles the Group to affix a CE Mark to the Group's medical devices. The European Commission ("EC") is currently reviewing the MDD with the aim of simplifying it and ensuring a more uniform application of the provisions contained in the applicable European directives across the EU. This review may, however, result in increased regulatory oversight of certain devices (most likely higher risk devices, which could include some ConvaTec products) and this may, in turn, increase the costs, time and requirements that need to be met in order to maintain or place such devices on the European market. The Group's obligations for compliance with these regulations, and the development of new requirements, may be impacted by Brexit (for more detail, see "*The vote by the United Kingdom to leave the European Union could adversely affect the Group*" in this Part 1 (Risk Factors) in this Prospectus).

Other jurisdictions in which the Group markets and sells its products may require similar pre-market clearances or approvals resulting in similar risks. Any delay in obtaining or failure to obtain such clearances or approvals in any jurisdiction may increase the costs and time requirements in order to place such devices on the market in those jurisdictions or prohibit the marketing and sale of such products in those jurisdictions, which could have a material adverse impact on the Group's business, results of operations and financial condition.

In the United States, participation in the Medicare and Medicaid programmes subjects the Group to additional regulation and compliance costs.

Several provisions of the ACA impact specifically on the medical device industry. In addition to requirements for reimbursements in respect of DMEPOS and additional competitive bidding programmes (see "*Changes in regulatory reimbursement regimes and regulations, policies, rules and internal cost reduction audit programmes of governmental social health care services regarding billing of the Group's products could reduce or delay reimbursement for the Group's products, adversely affect the demand for the Group's products and increase compliance costs*" in this Part 1 (Risk Factors)), the ACA also imposes an annual federal excise tax on certain medical device manufacturers and importers. In respect of sales between 2013 and 2015, manufacturers, producers and importers of taxable medical devices were required to pay an excise tax of 2.3 per cent. of the price for which the devices were sold. Under the Consolidated Appropriations Act, 2016, this tax was suspended for sales in 2016 or 2017 but, absent further legislative action, will be reinstated starting from 2018. The total cost incurred by the Group for the medical device excise tax in 2015 and 2014 was $1.7 million and $1.6 million, respectively.

The ACA also established Medicare and Medicaid programme integrity provisions, including expanded documentation requirements for Medicare durable medical equipment prescriptions written by physicians and more stringent procedures for screening competitive bidding programme suppliers responsible for dispensing durable medical equipment products to patients, along with broader expansion of federal fraud and abuse authorities. The United States Government has increased penalties for knowingly submitting false claims for payments to, or improperly retaining overpayments from, the US government. In addition, the Group must comply with enhanced federal and state documentation, coding and billing rules, including restrictions on improper payments to distributors. Any failure by the Group to comply with these

requirements could subject it to liability under the Federal False Claims Act, including criminal and/or civil penalties, loss of licences and exclusion from the Medicare and Medicaid programmes; and is an area of current scrutiny by the US Department of Justice. Civil damages include fines up to three times the actual damages sustained by the Government plus penalties of between $5,500 and $11,000 for each separate false claim. The Group submits thousands of claims for Medicare and Medicaid each year and it cannot guarantee that there have not been errors in any such claims. While the Group seeks to maintain a robust compliance programme that includes consistent, detailed review of its documentation, coding and billing practices, the rules are frequently vague, complex and changing and the Group can give no assurance that Governmental investigators or private whistle-blowers will not challenge its practices.

Although the eventual impact of the healthcare reform provisions of the ACA and recent regulatory changes are still uncertain, it is possible that the new laws, regulations and their guidelines will have a material adverse impact on the Group's business, results of operations and financial condition.

Risks relating to the Offer and the Shares

The Principal Shareholders will retain significant interests in, and will continue to exert substantial influence over the Group following the Offer and their interests may differ from or conflict with those of other Shareholders.

Immediately following Admission, companies ultimately owned by Nordic Capital and limited liability companies and limited partnerships managed by Avista will continue to own beneficially approximately 45.1 per cent. and 19.5 per cent., respectively, of the issued ordinary share capital of the Company (assuming no exercise of the Overallotment Option) and 41.6 per cent. and 18.0 per cent., respectively, if the Overallotment Option is exercised in full. As a result, the Principal Shareholders will possess sufficient voting power to have a significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. The interests of the Principal Shareholders may not always be aligned with those of other holders of Shares.

The Principal Shareholders have retained the right to enter into margin loan facilities that could encompass the entire shareholdings of the Principal Shareholders. Should either of the Principal Shareholders enter into a margin loan facility, the security granted by the relevant Principal Shareholder in favour of the relevant margin loan lenders could represent a significant majority of the Shares that the relevant Principal Shareholder will hold following Admission. An enforcement of this security by margin loan lenders could have a significant impact on the Company's ordinary shareholding structure. The enforcement of security, in whole or in part, by margin loan lenders will reduce the relevant Principal Shareholder's shareholding in the Company and may result in it ceasing to be a significant shareholder.

In certain circumstances, the enforcement of a margin loan facility in respect of Shares which carry 30 per cent. or more of the voting rights of the Company may trigger an obligation on the relevant margin loan lenders to make a mandatory offer for the Shares they do not otherwise own. However, the Takeover Panel will not normally require such an offer from a lender enforcing security if sufficient interests in shares are disposed of within a limited period to persons unconnected with the lender, so that the percentage of shares carrying voting rights in which the lender, together with any persons acting in concert with it, is interested is reduced to the percentage held by those persons prior to the triggering acquisition being made. Any such disposal, or the perception that such disposal may occur, may depress the market price of the Shares and could impair the Group's ability to raise capital through the issue of new Shares.

There is no existing market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Shares. Although the Company has applied to the UK Listing Authority for admission to the premium listing segment of the Official List and has applied to the London Stock Exchange for admission to trading on its main market for listed securities, the Company can give no assurance that an active trading market for the Shares will develop or, if developed, could be sustained following the closing of the Offer. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be materially adversely affected.

Shares in the Company may be subject to market price volatility and the market price of the Shares in the Company may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

The Offer Price is not indicative of the market price of the Shares following Admission. The market price of the Shares may be volatile and subject to wide fluctuations. The market price of the Shares may fluctuate as a result of a variety of factors, including, but not limited to, those referred to in these Risk Factors; period to period variations in operating results or changes in any revenue or profit estimates the Group, industry participants or financial analysts may issue in the future. The market price could also be materially adversely affected by developments unrelated to the Group's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Group, speculation about the Group in the press or the investment community, unfavourable press, strategic actions by competitors (including acquisitions and restructurings), changes in market conditions and regulatory changes. Any or all of these factors could result in material fluctuations in the price of Shares, which could lead to investors getting back less than they invested or a total loss of their investment.

Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings.

The Articles provide for pre-emption rights to be granted to Shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the Shares and any other securities that are offered and sold are registered under the Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other Shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

Not all rights available to shareholders under US law will be available to holders of the Shares.

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US companies. The rights of holders of the Shares are governed by English law and the Articles. In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

The market price of the Shares could be negatively affected by sales of substantial amounts of such shares in the public markets, including following the expiry of the lock-up period, or the perception that these sales could occur.

Following Admission, the Principal Shareholders will own beneficially, in aggregate, 64.6 per cent. of the Company's issued ordinary share capital (assuming no exercise of the Overallotment Option) and 59.6 per cent. if the Overallotment Option is exercised in full. The Company, the Principal Shareholders, the Directors and the Senior Managers are subject to restrictions on the issue, sale and/or transfer, as applicable, of their respective holdings in the Company's issued share capital as described in Part 13 (Details of the Offer—Lock up arrangements). The issue or sale of a substantial number of Shares by the Company, the Principal Shareholders, the Directors or the Senior Managers in the public market after the lock up restrictions in the Underwriting Agreement expire (or are waived by the Joint Global Coordinators), or the perception that these sales may occur, or issues of new Shares by the Company during the lock-up period as permitted in connection with certain acquisitions, may depress the market price of the Shares and could impair the Company's ability to raise capital through the sale of additional equity securities. In addition, certain of the Shares could be granted as security by the Principal Shareholders in connection with margin loan facilities, the enforcement of which would reduce the Principal Shareholders' shareholding, may have a significant impact on the Company's shareholding structure and corporate governance, may depress the market price of the Shares and could impair the Group's ability to raise capital through the issue of further Shares.

The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements.

There can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay a dividend will suffer. 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 included in the Group's New Credit Facilities, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

The issuance of additional Shares in the Company in connection with future acquisitions or any share incentive or share option plans or otherwise may dilute all other shareholdings.

The Group may seek to raise financing to fund future acquisitions and other growth opportunities, invest in its business or for general corporate purposes. The Company may issue additional equity or convertible equity securities for these and other purposes, including in connection with the Group's employee share plans or as consideration for any potential future acquisitions. As a result, existing holders of Shares may suffer dilution in their percentage ownership or the market price of the Shares may be materially adversely affected.

Shareholders may be subject to exchange rate risk.

The Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the Shares or any dividends in foreign currency terms. In addition, the Company reports its financial results in US dollars, and therefore any dividends to be paid in respect of the Shares will be declared in US dollars before being paid in pounds sterling. A depreciation of the US dollar in relation to the pound sterling could reduce the value of any declared dividends.

PART 2
Presentation of Financial and Other Information

General

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations in connection with the Offer other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Selling Shareholders, the Principal Shareholders, any of the Underwriters or the Financial Adviser. No representation or warranty, express or implied, is made by any of the Underwriters or the Financial Adviser, any of their respective affiliates or any selling agent as to the accuracy, completeness or verification of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any of the Underwriters or the Financial Adviser, any of their respective affiliates or any selling agent as to the past or future. The Underwriters and the Financial Adviser assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the delivery of this Prospectus nor any subscription or sale of Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company will update the information provided in this Prospectus by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs after the publication of this Prospectus or if this Prospectus contains any mistake or substantial inaccuracy. This Prospectus and any supplement will be subject to approval by the FCA and will be made public in accordance with the Prospectus Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear business days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Selling Shareholders, the Principal Shareholders, any of the Underwriters or the Financial Adviser or any of their affiliates or representatives that any recipient of this Prospectus should subscribe for or purchase the Shares. Prior to making any decision as to whether to subscribe for or purchase the Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

Investors who subscribe for or purchase Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on any of the Underwriters, the Financial Adviser or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus, and (iii) no person has been authorised to give any information or to make any representation concerning the Group or the Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Directors, the Selling Shareholders, the Principal Shareholders, any of the Underwriters or the Financial Adviser.

None of the Company, the Directors, the Selling Shareholders, the Principal Shareholders, any of the Underwriters or the Financial Adviser or any of their affiliates or representatives is making any representation to any offeree, subscriber or purchaser of the Shares regarding the legality of an investment

by such offeree, subscriber or purchaser. Each investor should consult with their own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

In connection with the Offer, each of the Underwriters and any of their respective affiliates, may take up a portion of the Shares in the Offer as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue, offer, subscription, acquisition, dealing or placing to any of the Underwriters and any of their affiliates acting in such capacity. In addition certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Overallotment and stabilisation

In connection with the Offer, Goldman Sachs International, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilisation transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any overallotments made and/or stabilisation transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 20 per cent. of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, it is expected that the Principal Shareholders will grant the Stabilising Manager the Overallotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares at the Offer Price, which represents up to an additional 15 per cent. of the Offer Size (the "Overallotment Shares"). The Overallotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares on the London Stock Exchange. Any Overallotment Shares made available pursuant to the Overallotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares.

Presentation of financial information

The financial information in this Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The significant IFRS accounting policies applied in the financial information of the Group are applied consistently in the financial information in this Prospectus.

Financial information

The Company was recently incorporated and as at the date of this Prospectus has no historical operations of its own. Therefore, this Prospectus does not present any standalone, unconsolidated financial information for the Company. The consolidated historical financial information included in Part 12 (Historical Financial Information) is the consolidated historical financial information of Cidron Healthcare Limited and its subsidiaries.

The Group's financial year runs from 1 January to 31 December. The financial information included in Part 12 (Historical Financial Information) is covered by the accountant's report included in Section A.

Pro forma financial information

In this Prospectus, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part 13 (Unaudited Pro Forma Financial Information). The unaudited pro forma financial information reflects the consolidated financial information of Cidron Healthcare Limited and its subsidiaries as adjusted to reflect the effects of the Offer, the redemption of existing financing, the drawdown of new financing and the Reorganisation as if they each had occurred as at 30 June 2016.

Due to its nature, the unaudited pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The pro forma financial information has been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Directive.

Non-IFRS financial information

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including Group EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted Gross Margin, Adjusted EBIT margin and cash conversion. These measures are not measurements of financial performance or liquidity under IFRS, are not audited, and should not replace measures of liquidity or operating profit that are derived in accordance with IFRS.

The Group believes that Group EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted Gross Margin and Adjusted EBIT margin are useful supplemental indicators that may be used to assist in evaluating a company's future 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.

The Group believes that cash conversion is a useful supplemental metric that provides a measure of the efficiency by which the Group is able to turn profit from operations into cashflow 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.

Information regarding these measures is sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity.

Group EBITDA

Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin

The Group defines Group EBITDA as the net (loss) profit for the period and/or year before income tax expense (benefit), other (income) expense, net, finance costs, and depreciation and amortisation. Adjusted EBITDA is defined as Group EBITDA as adjusted to exclude costs or gains that are excluded by management in assessing the operating performance of the business, including asset impairments, restructuring and other-related costs, remediation costs, share-based compensation, ownership structure costs and other costs (as defined below). Adjusted EBIT is defined as Adjusted EBITDA (defined above), further adjusted to include (i) software and R&D amortisation and (ii) depreciation, excluding accelerated depreciation related to the closure of certain manufacturing plants. Following Admission, Adjusted EBIT and Adjusted EBITDA will include ongoing stock compensation costs. Adjusted EBIT margin is defined as Adjusted EBIT divided by revenue.

The following table reconciles net (loss) profit to Group EBITDA and provides a further reconciliation of (i) Group EBITDA to Adjusted EBITDA and (ii) Adjusted EBITDA to Adjusted EBIT.

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited) ($ million)		
Net (loss) profit	(72.7)	(107.0)	(93.4)	(127.2)	15.2
Income tax expense (benefit)	24.1	10.0	(16.9)	27.4	31.6
Other (income) expense, net	(23.8)	43.9	37.1	23.8	(1.1)
Finance costs	131.1	171.9	303.6	294.9	261.9
Depreciation and amortisation[1]	93.4	90.2	181.1	192.3	189.2
Group EBITDA	**152.1**	**209.0**	**411.5**	**411.2**	**496.8**
Adjustments					
Asset impairments[2]	4.5	—	—	61.7	26.3
Restructuring and other-related costs[3]	19.6	3.3	6.5	13.6	4.3
Remediation costs[4]	5.4	8.3	14.1	10.3	—
Share-based compensation	32.2	0.3	12.5	(0.6)	9.9
Ownership structure costs[5]	2.2	3.1	6.1	5.4	3.8
Other costs[6]	10.2	1.4	23.1	0.7	12.6
Total Adjustments	74.1	16.4	62.3	91.1	56.9
Adjusted EBITDA	**226.2**	**225.4**	**473.8**	**502.3**	**553.7**
Adjustments					
Software and R&D amortisation	(3.2)	(3.4)	(6.6)	(7.4)	(10.3)
Depreciation, excluding accelerated depreciation	(14.0)	(15.2)	(30.4)	(35.3)	(34.7)
Adjusted EBIT	**209.0**	**206.8**	**436.8**	**459.6**	**508.7**
Adjusted EBIT margin	**25.2%**	**25.8%**	**26.5%**	**26.5%**	**29.9%**

Notes:

(1) For the six months ended 30 June 2016, the Group recorded $7.0 million of accelerated depreciation in Cost of goods sold related to the closure of certain manufacturing facilities. Refer to Note 13 titled "Provisions" in Part 12 (Historical Financial Information) for more information.

(2) Relates to impairment charges on goodwill, property, plant and equipment, and intangible assets. Refer to Note 6 titled "Goodwill", Note 4 titled "Property, Plant and Equipment, Net", and Note 5 titled "Intangible Assets" in Part 12 (Historical Financial Information) for information regarding the impairment charges.

(3) The restructuring (excluding accelerated depreciation and other-related costs) comprise the following:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited) ($ million)		
Restructuring costs[1]	17.9	(0.1)	1.9	13.6	4.3
Other-related costs[2]	1.7	3.4	4.6	—	—
Total restructuring and other-related costs	19.6	3.3	6.5	13.6	4.3

Notes:

(1) Refer to Note 13 titled "Provisions" in Part 12 (Historical Financial Information) for further details related to the restructuring costs.

(2) Represents costs incurred in connection with the Margin Improvement Programme.

The following is a summary of restructuring and other-related costs as recorded in the Group's consolidated statements of profit or loss:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited) ($ million)		
Costs of goods sold	19.2	—	1.8	—	—
General and administrative expenses	—	3.3	4.5	13.6	4.3
Research and development expenses	0.4	—	0.2	—	—
Total restructuring and other-related costs	19.6	3.3	6.5	13.6	4.3

(4) Remediation costs include regulatory compliance costs related to FDA activities, IT enhancement costs, and professional service fees associated with activities that were undertaken to enhance the Group's compliance function and strengthen its control environment within finance. The following is a summary of remediation costs as recorded in the Group's consolidated statements of profit or loss:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited) ($ million)		
General and administrative expenses	5.4	7.0	12.1	2.9	—
Research and development expenses	—	1.3	2.0	7.4	—
Total remediation costs	5.4	8.3	14.1	10.3	—

(5) Represents costs related to the current ownership structure of the Group including management fees to Nordic Capital and Avista and related costs. These costs were recorded in general and administrative expenses within the Group's consolidated statements of profit or loss.

(6) For the six months ended 30 June 2016, the Group recorded $10.2 million in other costs, of which $9.0 million, $0.3 million, and $0.9 million were recorded in general and administrative expenses, costs of goods sold, and selling and distribution expenses, respectively, within the Group's consolidated statement of profit or loss. These costs were mainly related to corporate development activities. In 2015, the Group recorded $23.1 million in other costs, of which $21.0 million and $2.1 million were recorded in general and administrative expenses and costs of goods sold, respectively, within the Group's consolidated statements of profit or loss. These costs were mainly related to a settlement of multi-year patent-related litigations and corporate development activities. Refer to Note 19 titled "Commitments and Contingencies" in Part 12 (Historical Financial Information) for further information regarding the settlement. In 2013, the Group recorded $12.6 million in other costs, of which $12.2 million was recorded in general and administrative expenses within the Group's consolidated statements of profit or loss.

The following table reconciles net (loss) profit to Adjusted EBIT for the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited) ($ million)		
Net (loss) profit	(72.7)	(107.0)	(93.4)	(127.2)	15.2
Income tax expense (benefit)	24.1	10.0	(16.9)	27.4	31.6
Other (income) expense, net	(23.8)	43.9	37.1	23.8	(1.1)
Finance costs	131.1	171.9	303.6	294.9	261.9
Accelerated depreciation	7.0	—	0.6	—	—
Amortisation, excluding software and R&D amortisation	69.2	71.6	143.5	149.6	144.2
Asset impairments	4.5	—	—	61.7	26.3
Restructuring and other-related costs	19.6	3.3	6.5	13.6	4.3
Remediation costs	5.4	8.3	14.1	10.3	—
Share-based compensation	32.2	0.3	12.5	(0.6)	9.9
Ownership structure costs	2.2	3.1	6.1	5.4	3.8
Other costs	10.2	1.4	23.1	0.7	12.6
Adjusted EBIT	**209.0**	**206.8**	**436.8**	**459.6**	**508.7**

Adjusted Gross Margin

Adjusted Gross Margin is defined as gross margin excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business. The computation of Adjusted Gross Margin is as follows:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited)		
	($ million, unless otherwise indicated)				
Total reported revenue	828.9	802.4	1,650.4	1,734.2	1,700.7
Total reported cost of goods sold	430.5	386.4	799.9	826.6	755.7
Reported gross margin	**398.4**	**416.0**	**850.5**	**907.6**	**945.0**
Less:					
Amortisation, excluding software and R&D amortisation	70.1	64.1	129.7	133.6	132.9
Impairments/write offs	4.2	0.3	1.9	4.9	0.8
Other costs[1]	15.1	0.4	1.9	0.9	—
Adjusted gross margin	**487.8**	**480.8**	**984.0**	**1,047.0**	**1,078.7**
Adjusted Gross Margin	**58.9%**	**59.9%**	**59.6%**	**60.4%**	**63.4%**

Notes:

(1) Primarily relates to the restructuring activities associated with the plant closures described further in Note 13 titled "Provisions" in Part 12 (Historical Financial Information).

Cash conversion

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 is as follows:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited)		
	($ million, unless otherwise indicated)				
Adjusted EBITDA	226.2	225.4	473.8	502.3	553.7
Working capital increase	(12.2)	(41.4)	(22.1)	(11.1)	(50.1)
PP&E purchases	(30.2)	(12.8)	(36.7)	(44.7)	(38.6)
	183.8	171.2	415.0	446.5	465.0
Cash conversion	**81.3%**	**76.0%**	**87.6%**	**88.9%**	**84.0%**

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 is as follows:

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
			(unaudited)		
	($ million, unless otherwise indicated)				
Net cash generated from operating activities	**53.0**	**25.6**	**100.3**	**147.6**	**230.1**
Add:					
Cash interest payments	128.1	128.0	257.9	270.9	218.0
Cash tax payments	13.9	11.5	42.2	40.4	32.6
Other payments[(1)]	19.0	18.9	51.3	32.3	22.9
Less:					
PP&E purchases	(30.2)	(12.8)	(36.7)	(44.7)	(38.6)
Total	183.8	171.2	415.0	446.5	465.0
Adjusted EBITDA	226.2	225.4	473.8	502.3	553.7
Cash conversion	**81.3%**	**76.0%**	**87.6%**	**88.9%**	**84.0%**

Note:

(1) Other payments represents payment related to restructuring and other related costs, remediation costs, share-based payments, ownership structure costs and corporate development costs.

Currency presentation

Unless otherwise indicated, all references to "US dollars" or "$" are to the lawful currency of the United States. The Group prepares its financial statements in US dollars. All references in this Prospectus to "sterling", "pounds sterling", "GBP", "£", or "pence" are to the lawful currency of the United Kingdom. All references to the "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

The average US dollar exchange rates of the Group's main trading currencies, other than US dollars, are shown below. The rates below may differ from the actual rates used in the preparation of the financial statements and other financial information that appears elsewhere in this Prospectus. The inclusion of these exchange rates is for illustrative purposes only and does not mean that the US dollar amounts actually represent such pound sterling or euro amounts or that such US dollar amounts could have been converted into pounds sterling or euro at any particular rate, if at all.

Average US dollar rate against the pound sterling

	US dollars per £1.00			
Year	Period End	Average	High	Low
2011	1.5509	1.6037	1.6694	1.5390
2012	1.6242	1.5850	1.6276	1.5295
2013	1.6566	1.5648	1.6566	1.4858
2014	1.5581	1.6474	1.7165	1.5515
2015	1.4734	1.5283	1.5872	1.4654
May 2016	1.4515	1.4535	1.4687	1.4366
June 2016	1.3268	1.4212	1.4810	1.3214
July 2016	1.3228	1.3145	1.3321	1.2903
August 2016	1.3141	1.3102	1.3337	1.2875
September 2016	1.2970	1.3146	1.3422	1.2969
October 2016 (to 24 October 2016)	1.2211	1.2385	1.2854	1.2158
2016 (to 24 October 2016)	1.2211	1.3813	1.4810	1.2158

Average US dollar rate against the euro

Year	US dollars per €1.00			
	Period End	Average	High	Low
2011	1.2960	1.3922	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2053
2013	1.3789	1.3283	1.3804	1.2772
2014	1.2100	1.3285	1.3925	1.2100
2015	1.0866	1.1100	1.2099	1.0492
May 2016	1.1139	1.1312	1.1527	1.1134
June 2016	1.1098	1.1246	1.1399	1.1038
July 2016	1.1157	1.1061	1.1157	1.0967
August 2016	1.1158	1.1206	1.1330	1.1077
September 2016	1.1228	1.1212	1.1254	1.1153
October 2016 (to 24 October 2016)	1.0878	1.1055	1.1218	1.0874
2016 (to 24 October 2016)	1.0878	1.1156	1.1527	1.0746

Source: Bloomberg

Constant currency adjustments

The Group has presented certain financial information from its income statement using constant currency translations of non-US dollar amounts into US dollars as a convenience to investors in comparing the Group's period-to-period performance. Such constant currency financial information has been estimated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. The key average exchange rates used are as follows:

2013 (applied to 2014 results)	2014 (applied to 2015 results)	Six months to 30 June 2015 (applied to six months to 30 June 2016 results)
€1:$1.3285	€1:$1.3290	€1:$1.1171
£1:$1.5648	£1:$1.6477	£1:$1.5245
DKK1:$0.1781	DKK1:$0.1783	DKK1:$0.1498
JPY1:$0.0103	JPY1:$0.0095	JPY1:$0.0083
AUD1:$0.9681	AUD1:$0.9026	AUD1:$0.7822
CHF1:$1.0796	CHF1:$1.0940	CHF1:$1.0574

The tables below show a reconciliation from reported results to constant currency results estimated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review.

	Six months ended 30 June 2016			Six months ended 30 June 2015
	Reported	Foreign Exchange Fav / (Unfav)	Constant currency basis	Reported
	(audited)	(unaudited)	(unaudited)	(unaudited)
	($ million)			
Revenue by franchise				
Advanced Wound Care	269.0	(5.9)	274.9	254.1
Ostomy Care	249.8	(6.5)	256.3	252.0
Continence & Critical Care	178.6	(2.4)	181.0	171.7
Infusion Devices	131.5	(0.1)	131.6	124.6
Total revenue	**828.9**	**(14.9)**	**843.8**	**802.4**
Selling and distribution expenses	178.1	4.0	182.1	174.9
General and administrative expenses	141.9	(4.4)	137.5	102.1
Research and development expenses	19.7	0.6	20.3	20.2

	2015			2014			
	Reported	Foreign Exchange Fav / (Unfav)	Constant currency basis	Reported	Foreign Exchange Fav / (Unfav)	Constant currency basis	2013 Reported
	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
				($ million)			
Revenue by franchise							
Advanced Wound Care	536.1	(59.9)	596.0	565.8	(4.8)	570.6	526.0
Ostomy Care	515.5	(60.0)	575.5	568.3	(4.4)	572.7	610.3
Continence & Critical Care	348.2	(23.4)	371.6	350.7	(4.9)	355.6	324.0
Infusion Devices	250.6	(14.2)	264.8	249.4	—	249.4	240.4
Total revenue	**1,650.4**	**(157.5)**	**1,807.9**	**1,734.2**	**(14.1)**	**1,748.3**	**1,700.7**
Selling and distribution expenses	346.7	40.1	386.8	396.8	4.0	400.8	374.7
General and administrative expenses	233.1	(1.0)	232.1	249.7	27.4	277.1	231.5
Research and development expenses	40.3	2.7	43.0	42.2	(1.0)	41.2	31.2

Fixed currency basis

Where indicated, certain financial information has been estimated by applying the applicable spot exchange rates on 30 June 2016 to the Group's actual performance for the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013. This approach is used when calculating growth rates over a multi-year period and compound annual growth rates because the constant currency adjustments discussed above are based on the prior period average exchange rate for the comparable period and, therefore, cannot be used for purposes of calculating these metrics. In this Prospectus, applying the relevant exchange rates on 30 June 2016 to the Group's actual performance is called a "fixed currency basis".

The key spot exchange rates used are as follows:

- €1:$1.1100
- £1:$1.3312
- DKK1:$0.1493
- JPY1:$0.0097
- AUD1:$0.7451
- CHF1:$1.0246

The tables below show a reconciliation from reported results to a fixed currency basis by applying the applicable spot exchange rates on 30 June 2016 to the Group's actual performance for the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013.

	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Reported	Foreign Exchange	Fixed currency basis	Reported	Foreign Exchange	Fixed currency basis
	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
			($ million)			
Revenue by franchise						
Advanced Wound Care	269.0	(1.1)	267.9	254.1	(6.2)	247.9
Ostomy Care	249.8	(0.9)	248.9	252.0	(7.1)	244.9
Continence & Critical Care	178.6	(0.6)	178.0	171.7	(2.9)	168.8
Infusion Devices	131.5	(0.3)	131.2	124.6	(0.4)	124.2
Total revenue	**828.9**	**(2.9)**	**826.0**	**802.4**	**(16.6)**	**785.8**

	2015			2014			2013		
	Reported	Foreign Exchange	Fixed currency basis	Reported	Foreign Exchange	Fixed currency basis	Reported	Foreign Exchange	Fixed currency basis
	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)
					($ million)				
Revenue by franchise									
Advanced Wound Care	536.1	(8.3)	527.8	565.8	(63.6)	502.2	526.0	(60.7)	465.3
Ostomy Care	515.5	(9.4)	506.1	568.3	(69.7)	498.6	610.3	(76.3)	534.0
Continence & Critical Care	348.2	(3.8)	344.4	350.7	(26.6)	324.1	324.0	(29.0)	295.0
Infusion Devices	250.6	(0.4)	250.2	249.4	(15.0)	234.4	240.4	(13.8)	226.6
Total revenue	**1,650.4**	**(21.9)**	**1,628.5**	**1,734.2**	**(174.9)**	**1,559.3**	**1,700.7**	**(179.8)**	**1,520.9**

The Group does not intend to report financial information on the fixed currency basis going forward. It will continue to report on the constant currency basis of the applicable prior period average exchange rates.

The measures presented on a constant currency basis and fixed currency basis should not be considered in isolation or as an alternative to the measures presented on a reported basis on the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into US dollars at that rate or at any other rate.

Roundings

Certain data in this Prospectus, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Market, economic and industry data

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Directors' estimates, using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including publications and data compiled by BioMedGPS; Future Market Insights ("FMI"); Espicom Business Intelligence ("Espicom"); Global Industry Analysts, Inc. ("GIA"); iData Research; International Diabetes Federation ("IDF"); Daedal Research; Euromonitor; Global Health Exchange ("GHX"); World Cancer Research Fund International; Crohn's and Colitis Foundation of America; Frost & Sullivan; Centers for Medicare and Medicaid ("CMS"); Markets and Markets; BMI Research; HME News; the World Health Organisation ("WHO"); T1D Exchange; Division Resources Group ("DRG"); IMS Health; Groupement pour l'Élaboration et la Réalisation de Statistiques ("GERS"); Bliss, Johnson, Savik, Clabots, Gerding (2000); Junkin, Selekof (2007); Gist, Tio-Matos, Falzgraf, Cameron, Beebe (2009); Finkelstein (2012); The Pittsburgh Epidemiology of Diabetes Complications Study Cohort (2012); Kalorama Information; and the United Nations.

Whilst the Directors believe the third-party information included herein to be reliable, the Company has not independently verified such third-party information, and neither the Company, the Underwriters nor the Financial Adviser make any representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third-party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Prospectus, the source of such information has been identified.

Service of process and enforcement of civil liabilities

The Company is a public limited company incorporated under English law. Many of the Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the US courts judgments

obtained in US courts predicated upon the civil liability provisions of the US federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the US courts, of civil liabilities predicated upon US federal securities laws.

No incorporation of website information

The contents of the Company's websites do not form part of this Prospectus.

Definitions and glossary

Certain terms used in this Prospectus, including all capitalised terms and certain technical and other items, are defined and explained in Part 16 (Definitions and Glossary). References to particular years are to the respective calendar years unless otherwise stated.

Information not contained in this Prospectus

No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information in this Prospectus is correct as of any time subsequent to the date hereof.

Information regarding forward-looking statements

This Prospectus includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned", "guidance", "targets" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies, and dividend policy of the Group and the industry in which it operates. In particular, the statements under the headings "Summary", "Risk Factors", "Business Description" and "Operating and Financial Review" regarding the Company's strategy and other future events or prospects are forward-looking statements.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts involve predictions. These statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company and the Directors, 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. Such factors include, but are not limited to the risk factors set out above in Part 1 "Risk Factors" (including changes in economic conditions, the Group's competitive environment, the Group's ability to execute its strategies, including new product development and launches, the United Kingdom leaving the EU, the legislative or regulatory regimes under which the Group operates or the taxation regime applicable to the Group), as well as other factors within and beyond the Group's control that may affect its planned strategies and operational initiatives, including actions taken by counterparties, such as the timing of orders.

Such forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Group does not undertake to publish updates as to its progress towards achieving any of the above targets, including as it may be impacted by events or circumstances existing or arising after the date of this Prospectus or to reflect the occurrence of unanticipated events or circumstances. The Company, the Directors, the Selling Shareholders, the Underwriters and the Financial Adviser expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA.

PART 3
Directors, Secretary, Registered and Head Office and Advisers

Directors	Sir Christopher Gent	Chairman
	Paul Moraviec	Chief Executive Officer
	Nigel Clerkin	Chief Financial Officer
	Steve Holliday	Deputy Chairman and Senior Independent Non-executive Director
	Rick Anderson	Independent Non-executive Director
	Jesper Ovesen	Independent Non-executive Director
	Raj Shah	Non-executive Director
	Thomas Vetander	Non-executive Director
	Kunal Pandit	Non-executive Director
Company Secretary	Clare Bates	
Registered and head office of the Company	3 Forbury Place 23 Forbury Road Reading RG1 3JH United Kingdom	
Joint Global Coordinators and Joint Bookrunners	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB	
	Merrill Lynch International 2 King Edward Street London EC1A 1HQ	
	UBS Limited 5 Broadgate London EC2M 2QS	
Sponsor	UBS Limited 5 Broadgate London EC2M 2QS	
Financial Adviser to the Company	Evercore Partners International LLP 15 Stanhope Gate London W1K 1LN	
English and US legal advisers to the Company	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS	
English and US legal advisers to the Sponsor, Joint Global Coordinators, Joint Bookrunners and Co-lead Managers	Linklaters LLP 1 Silk Street London EC2Y 8HQ	

Reporting Accountants	Deloitte LLP Athene Place 66 Shoe Lane London EC4A 3BQ
Registrars	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ

PART 4
Expected Timetable of Principal Events and Offer Statistics

Expected timetable of principal events

Event	Time and Date
Announcement of Offer Price and allocations	26 October 2016
Start of conditional dealings on the London Stock Exchange	8.00am on 26 October 2016
Admission and start of unconditional dealings in the Shares on the London Stock Exchange	8.00am on 31 October 2016
Crediting of Shares to CREST accounts	31 October 2016
Despatch of definitive share certificates (where applicable)	from 1 November 2016

It should be noted that, if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.

All times are London times. Each of the times and dates in the above timetable is subject to change without further notice.

Offer statistics[1]	
Offer Price (per Share)	225 pence
Number of Shares in the Offer[2]	659,734,996
—New Shares	651,111,111
—Existing Shares	8,623,885
Percentage of the issued Share capital being offered in the Offer[2]	33.8 per cent.
Number of Overallotment Shares	98,960,249
Number of Shares in issue following the Offer[3]	1,951,472,651
Market capitalisation of the Company at the Offer Price	£4,390.8 million
Estimated net proceeds of the Offer receivable by the Company[4]	$1,749.7 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders[2][5]	$23.1 million

Notes:

(1) Assumes all the Reorganisation steps set out in paragraph 1.16 of Part 15 (Additional Information) are completed in full.

(2) Does not include any Overallotment Shares that may be sold pursuant to the Overallotment Option. Only ConvaTec Management Holdings Limited (the "Selling Shareholders"), which holds Shares on behalf of the Management Shareholders, will sell Existing Shares in the Offer.

(3) Including the 361,540 Shares to be issued by the Company on Admission to meet subscriptions by the Non-Executive Directors of £813,465 in aggregate.

(4) The estimated net proceeds receivable by the Company are the gross proceeds of £1,465 million, being the pounds sterling equivalent of approximately $1,792 million (calculated at an exchange rate of £1:$1.2235) after deduction of the estimated underwriting commissions and certain other fees and expenses of the Offer (including VAT) payable by the Company, which are currently expected to be the pounds sterling equivalent of approximately $42.7 million. The Company will not receive any of the net proceeds from the sale of the Existing Shares in the Offer by the Selling Shareholders or any sale of Shares pursuant to the Overallotment Option.

(5) The estimated net proceeds receivable by the Selling Shareholders are stated after deduction of the estimated underwriting commissions and other fees and expenses of the Offer (including VAT) payable by the Selling Shareholders, which are currently expected to be the pounds sterling equivalent of approximately $0.7 million.

PART 5
Industry Overview

Overview of the Group's addressable markets

ConvaTec 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, continence and critical care and infusion devices used in the treatment of diabetes and other conditions. The Group operates across four major market franchises:

Advanced Wound Care. Advanced Wound Care provides 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. Advanced Wound Care accounted for 32.5 per cent. of the Group's revenue in 2015 and had an addressable market of $5.0 billion, which is expected to grow at five to six per cent. per annum between 2015 and 2020 (sources: BioMedGPS and FMI).

Ostomy Care. Ostomy Care provides devices, accessories and services for people with a stoma (a surgically-created opening where bodily waste is discharged), commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes. Ostomy Care accounted for 31.2 per cent. of the Group's revenue in 2015 and had an addressable market of $2.4 billion, which is expected to grow at four to six per cent. per annum between 2015 and 2020 (source: GIA).

Continence & Critical Care (CCC). Continence and Critical Care provides products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other causes. The franchise also supplies devices and products used in intensive care units and hospital settings. CCC accounted for 21.1 per cent. of the Group's revenue in 2015. Continence Care is the largest portion of the franchise revenue and had an addressable market in the United States and Europe of $1.8 billion, which is expected to grow at five per cent. per annum between 2015 and 2022 in the United States and three per cent. per annum between 2015 and 2019 in Europe (sources: iData Research and GHX).

Infusion Devices. Infusion Devices provide disposable infusion sets to manufacturers of insulin pumps for diabetes and similar pumps used in continuous infusion treatments for other conditions such as Parkinson's disease. In addition, the franchise supplies a range of products to hospitals and the home healthcare sector. Infusion Devices accounted for 15.2 per cent. of the Group's revenue in 2015 and had an addressable market of $0.5 billion, which is expected to grow at five to six per cent. per annum between 2016 and 2020 (source: Daedal Research).

The table below sets out the estimated size and expected yearly growth for each of the markets in which the Group's franchises operate.

	2015 Estimated market size ($ billion)	Expected market CAGR
Advanced Wound Care[(1)]	5.0	5–6%
Ostomy Care[(2)]	2.4	4–6%
Continence & Critical Care[(3)]	1.8	3–5%
Infusion Devices[(4)]	0.5	5–6%

Notes:

(1) The Advanced Wound Care Market includes advanced dressings (alginates and Hydrofibers, contact layers, hydrogels, hydrocolloids and super absorbents (other advanced dressings); silver/antimicrobials; and foam), biologics and NPWT. Expected CAGR is for the period from 2015 to 2020. Source: BioMedGPS and FMI.

(2) The Ostomy Care Market includes pouching systems and ostomy care accessories (including deodorants, skin barriers and clothing) but excludes irrigation products. Expected CAGR is for the period from 2015 to 2020. Source: GIA.

(3) The CCC Market comprises the United States and Europe intermittent catheter and fecal management market. Expected CAGR is for the period from 2015 to 2022 in the United States and 2015 to 2019 in Europe. Source: iData Research and GHX.

(4) The Infusion Devices Market size refers to disposables for insulin infusion pumps. Source: Daedal Research. Expected CAGR is for the period from 2016 to 2020 and refers to the insulin pump market. Source: Daedal Research.

The fundamental growth drivers for these markets include:

- **Ageing population:** Between 2015 and 2025, the number of people in the world aged 60 years or over is projected to grow by 36 per cent., from 895 million to 1.2 billion, according to Euromonitor. By 2050, the global population of persons over 60 is projected to more than double in size from 2015, reaching nearly 2.1 billion, according to the United Nations. There is a strong correlation between age and the incidence of diseases requiring wound, ostomy and incontinence treatment and infusion products (source: Gist, Tio-Matos, Falzgraf, Cameron, Beebe (2009)).
- **Increasing prevalence of chronic conditions:** Several chronic diseases that can be related to lifestyle, such as diabetes and obesity, are on the rise, leading to increased demand for the Group's products. For example, diabetes prevalence is expected to grow from 8.4 per cent. of the global population aged 20 to 79 in 2015 to 9.7 per cent. in 2030 (source: Euromonitor), which is an increase in the number of individuals with the condition of approximately 150 million. Similarly, the prevalence of obesity and severe obesity in the United States are forecast to increase by 33 per cent. and 130 per cent. respectively by 2030 (source: Finkelstein (2012)).
- **Increased patient life expectancy:** Due to earlier detection and more effective treatment, patients with the relevant indications and chronic conditions are living longer on average, extending the period of time where they are likely to be reliant on the industry's products. For example, life expectancy of people with Type 1 diabetes has risen from 53 years for people born between 1950 and 1964 to 69 years for people born between 1965 and 1980 (source: The Pittsburgh Epidemiology of Diabetes Complications Study Cohort (2012)).

In 2015, the Group generated more than 75 per cent. of its revenue from products used by patients with chronic care conditions. The main types of chronic diseases are cardiovascular diseases, cancers, chronic respiratory diseases and diabetes. Chronic diseases, as opposed to acute diseases, are experienced over a long duration and generally progress slowly. They are not passed on from person to person. Diet and obesity are known to be risk factors for many chronic diseases.

Worldwide, the burden of chronic diseases is rapidly increasing. According to the WHO, chronic diseases contributed to approximately 60 per cent. of the 56.5 million total reported deaths in the world in 2001 and approximately 46 per cent. of the global burden of disease. The proportion of the burden of chronic diseases is expected to increase to 57 per cent. by 2020, according to the WHO.

Products within the Group's markets are generally reimbursed via government sponsored healthcare or from private insurance. Coverage and reimbursement within international markets can vary significantly by country. Reimbursement levels for these products remain relatively stable as they account for only a small percentage of overall healthcare expenditure and yet are vitally important to ensure that the chronic patients they serve have active, productive lives. In fact, some markets such as Advanced Wound Care provide products that prevent or treat infections and reduce a patient's length of stay in hospital, thereby significantly reducing the cost to the healthcare system. However, as per capita healthcare costs rise and overall healthcare budgets are further constrained, many global healthcare systems are seeking to limit overall cost increases through cost consciousness and pricing pressure. The Company expects approximately one per cent. adverse pricing pressure across the market franchises in the near term. Technology, continued innovation and brand strength will continue to be the main defences from this pricing pressure for market participants.

The global population with some form of health insurance, whether public or private, is increasing. For example, the Patient Protection and Affordable Care Act (also called "ObamaCare") in the United States includes a mandate for most Americans to have insurance, a mandate for large employers to provide insurance, the expansion of Medicaid and the opening of Health Insurance Marketplaces to help subsidise private insurance (source: ObamaCare Explained website). Increasingly, a large proportion of the growing middle class in emerging markets are gaining access to private insurance and therefore increasing use of healthcare products and services.

As a result of these trends (ageing population, increasing prevalence of chronic conditions, increasing patient life expectancy and increasing reimbursement and access to healthcare and health insurance in a number of countries globally), the markets in which the Group operates are expected to grow in the medium term.

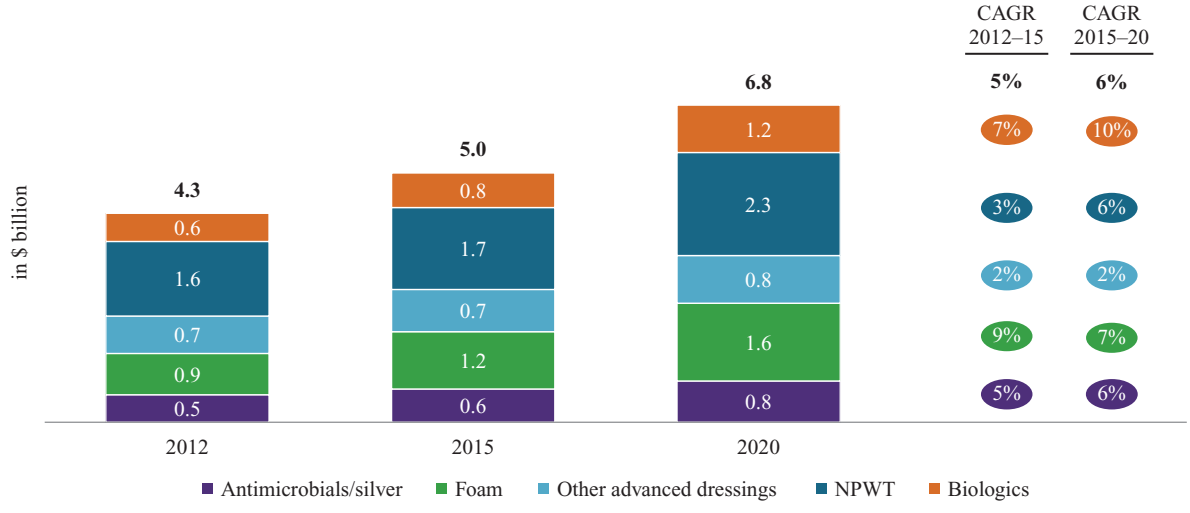
Advanced Wound Care

Market overview and trends

The wound care market includes traditional wound dressings and advanced wound care products. Traditional wound dressings include basic products, such as bandages, gauzes and ointments, which are aimed at treating non-severe wounds. Advanced wound care products are used to treat more complex chronic and acute wounds using technology to aid the healing process (e.g. using anti-infection dressings such as silver and creating a moist wound environment). The Group is focused on the Advanced Wound Care Market.

The global Advanced Wound Care Market includes advanced dressings (alginates and Hydrofibers, contact layers, hydrogels, hydrocolloids and super absorbents (other advanced dressings); silver/antimicrobials; and foam), biologics and negative pressure wound therapy ("NPWT"). This Market is an estimated $5.0 billion industry globally and is expected to grow at five to six per cent. per annum between 2015 and 2020 (source: BioMedGPS, FMI). The main customers in the Advanced Wound Care Market are hospitals and hospital purchase groups, pharmacies, physicians and doctors.

Global Advanced Wound Care Market by sub-segment



Source: BioMedGPS, FMI

Note: Other advanced dressings includes alginates and Hydrofibers, contact layers, hydrogels and super absorbents sub-segments and hydrocolloids.

The key drivers of growth in the Advanced Wound Care Market are:

- An expected increase in the number of addressable wounds, driven in particular by an increasing prevalence of chronic wounds such as diabetic foot ulcers and venous leg ulcers. Chronic wounds are wounds that fail to progress or respond to treatment over the normal expected healing time frame. Globally there are about 50 million (source: Frost & Sullivan) reported cases of patients suffering from hard-to-heal wounds, including foot ulcers and venous leg ulcers, which affect over 600,000 people (source: Espicom) in the United States alone each year. These chronic wounds are caused by the rising incidence of underlying conditions such as diabetes and obesity, which is linked to shifts in diet and lifestyle as well as by the increasingly large portion of the population aged over 60.
- A shift from traditional wound care products to advanced wound care offerings, which includes products such as film dressings, foam dressings, collagen dressings, alginate dressings, hydrocolloid dressings, hydrogel dressings, super-absorbers and anti-infective substances such as silver. Education and awareness of the benefits of new wound care technologies and proper wound care protocols, supported by clinical and economic evidence, has increased as medical institutions and professionals look to reduce healthcare costs by decreasing the length of hospital stays, limiting the risk of infection and utilising advanced wound care products for the prevention of more serious health problems. These benefits include enhanced patient quality of life and overall cost effectiveness when considering the full range of direct and indirect costs associated with wound healing. For instance, foams are suited to use with heavily exudating wounds due to their high absorption capacity, while silver is

recognised for its antimicrobial properties, as well as its low toxicity, and can be employed to manage topical infections caused by antibiotic-resistant organisms. NPWT can be combined with foam dressings to accelerate wound healing times, reduce the risk of pathogenic infection, reduce the number of dressing changes and increase blood flow to the wound area while simultaneously drawing out excess fluids. Increasingly advanced wound care products are being used as first-line treatment at the expense of traditional wound products.

- A greater number of patients in the United States with access to advanced wound care products following implementation of the ACA, as well as generally higher healthcare spend in emerging markets.

Key segments of the Advanced Wound Care Market

The Advanced Wound Care Market comprises three main segments: advanced dressings (c.$2.5 billion global market in 2015 expected to grow at a CAGR of five per cent. between 2015 and 2020) (source: BioMedGPS), NPWT (c.$1.7 billion global market in 2015 expected to grow at a CAGR of six per cent. between 2015 and 2020) (source: BioMedGPS and FMI) and biologics (approximately $0.8 billion global market in 2015 expected to grow at a CAGR of ten per cent. between 2015 and 2020) (source: BioMedGPS). The Group currently competes in foam and antimicrobial/silver products, which are the two largest sub-segments within advanced dressings, having entered the foam segment in 2012. The Group entered the NPWT segment in June 2016, and it plans to expand its presence in this segment in 2017. The Directors believe the Group is well positioned in these segments of the Advanced Wound Care Market. Details of these segments are as follows:

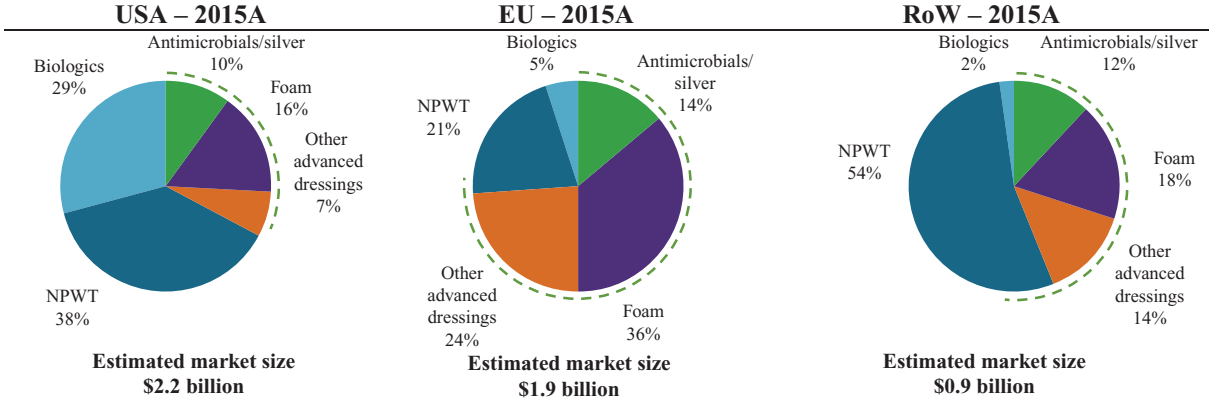
- Advanced dressings:
  - Foam dressings, a $1.2 billion global market in 2015 (source: BioMedGPS), is the largest sub-segment of the advanced dressings segment and the dressing of choice for moderate to heavily exuding wounds due to its highly absorbent and protective properties. Non-adhesive foam dressings are also widely used due to their flexible, non-sticky properties. The foam sub-segment is expected to grow at a CAGR of seven per cent. between 2015 and 2020 (source: BioMedGPS), driven by the perception that the product is easy-to-use, increasing use for prevention purposes, and application for minor wounds by non-wound specialists (for example, general practitioners).
  - Antimicrobial/silver dressings was a $0.6 billion global market in 2015, and is expected to grow at a CAGR of six per cent. between 2015 and 2020 (source: BioMedGPS). Silver dressings account for 86 per cent. of the global antimicrobial dressings segment (source: BioMedGPS) and are the most preferred antimicrobial dressings in developed countries including the United States. There is an emerging awareness of the impact of biofilms associated with recalcitrant wounds in this segment. These dressings are also increasingly being used to treat other indications (e.g. surgical).
  - Other advanced dressings, which includes alginates and Hydrofibers, contact layers, hydrogels and super absorbents sub-segments and hydrocolloids, was a $0.7 billion global market in 2015 and is expected to grow at two to three per cent. per annum (source: BioMedGPS).
- NPWT was a $1.7 billion global market in 2015 and is expected to grow at a CAGR of six per cent. between 2015 and 2020 (source: BioMedGPS and FMI). NPWT involves the application of controlled levels of sub-atmospheric (negative) pressure to a wound to accelerate debridement and promote healing. While traditional NPWT, being the provision of NPWT through the use of static or multiple-use portable units and accessories/canisters, is the largest proportion of the NPWT segment, the relatively nascent single-use NPWT segment (therapy for chronic lower extremity wounds with a smaller size disposable pump), is expected to grow much faster at 13 per cent. per annum between 2015 and 2020 (source: BioMedGPS and FMI).
- The Group does not currently operate in the biologics segment.

Market trends by geography

The adoption and use of advanced wound care technologies differ significantly between various regions, largely due to existing reimbursement regimes. In Europe, advanced dressings (including antimicrobials, silver and foams) represented the majority of expenditure in the Advanced Wound Care Market in 2015, comprising approximately 74 per cent. of the market, while NPWT was approximately 21 per cent. of the market and biologics was approximately five per cent. Growth in cost-effective wound-healing technologies

is expected to drive further growth across the European Advanced Wound Care Market. In the United States, Advanced Wound Care Market, by contrast, NPWT and biologics together comprised approximately 67 per cent. of expenditure in 2015, while advanced dressings made up the remaining portion of the market. In the rest of the world, expenditure in 2015 was largely divided between advanced dressings and NPWT, while biologics comprised the remaining portion of the market. The majority of the NPWT spending in the rest of the world was in Canada, China and Japan, but NPWT made up only a small portion of the Asian Advanced Wound Care Market, leaving room for growth.

Advanced Wound Care Market by geographies and sub-segment (2015A)

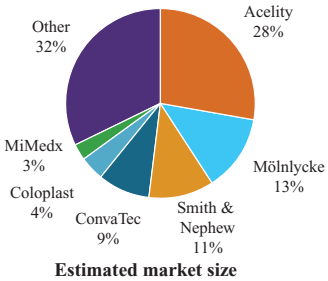


Source: BioMedGPS, FMI

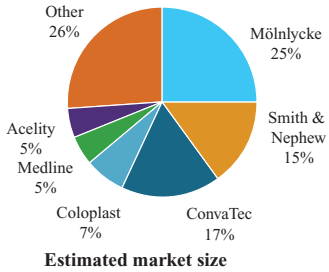
Competitive landscape

The top six manufacturers in the overall Advanced Wound Care Market together accounted for approximately 70 per cent. of the market in 2015. Key manufacturers include Acelity (the market leader with approximately 28 per cent. market share), Smith & Nephew, Mölnlycke, ConvaTec and Coloplast. Most of the larger manufacturers operate in multiple segments, while there are also numerous smaller manufacturers with a narrower focus such as Medline, Integra, Hartmann Group, Organogenesis, MiMedx and Lohmann & Rauscher. Within the global advanced dressings segment, Mölnlycke is the market leader with 25 per cent. market share, followed by ConvaTec and Smith & Nephew with 17 per cent. and 15 per cent. market share, respectively.

Global Advanced Wound Care Market shares (2015A)



Advanced dressing market shares (2015A)



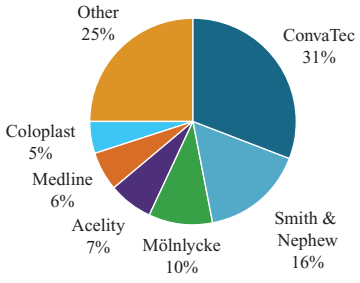
Source: BioMedGPS, FMI

Key manufacturers of silver dressings include ConvaTec, Smith & Nephew, Mölnlycke and Coloplast with ConvaTec in the number one position globally with approximately 31 per cent. market share in 2015 (source: BioMedGPS).

The Group entered the foam sub-segment in 2012 and grew to six per cent. market share in 2015. Mölnlycke is currently the global leader with its range of Mepilex dressings and had 41 per cent. market share in 2015 (source: BioMedGPS). Other market-leading products include Smith & Nephew's Allevyn, Laboratoire Urgo's Urgotul, Coloplast's Biatain and ConvaTec's AQUACEL Foam.

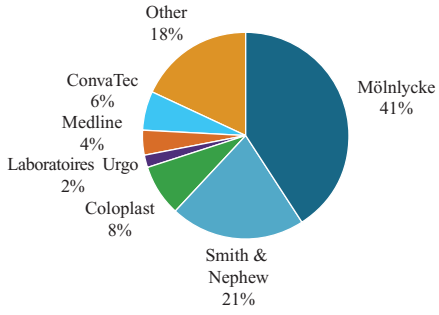
The main NPWT system currently in use is the foam-based Vacuum Assisted Closure system offered by Acelity (previously Kinetic Concepts Inc.). Other competitors in NPWT are Smith & Nephew, Mölnlycke, Hartmann and Coloplast. Disposable / single-use NPWT is a segment which Smith & Nephew launched in 2011 with the introduction of its PICO system, which can be used for a maximum seven days. The Group's competing single-use product, Avelle, was launched in June 2016 and can be used for up to 30 days.

Global antimicrobials/silver market shares (2015A)



Estimated market size
$0.6 billion

Global foam market shares (2015A)



Estimated market size
$1.2 billion

Source: BioMedGPS

A feature of the Advanced Wound Care Market is the requirement to combine strong technologies with robust clinical evidence and trained sales teams that can engage with specialist nurses on how these products help the needs of patients. The strength of brands in this market is therefore built around the confidence and trust specialist nurses have built up over the years in a manufacturer's ability to innovate to better meet the needs of patients, the depth of clinical evidence, as well as an established sales force and relationships with key prescribers. In this regard, there have been limited new entrants of any scale into the market in recent years.

Certain existing market participants have sought to extend their offering through acquisition, expanding into different sub-segments by offering their own newly developed products, or by distributing third-party products through their existing platforms. Examples include ConvaTec, which successfully launched its foam product range utilising its proprietary AQUACEL Hydrofiber Technology in 2012.

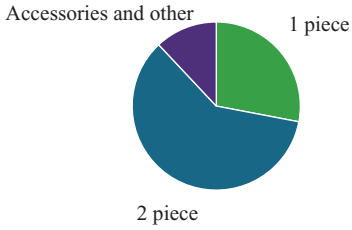
Ostomy

Market overview and trends

An ostomy refers to a surgically created opening in the body for the discharge of body wastes. A stoma is the actual end of the ureter or small or large bowel that can be seen protruding through the abdominal wall. These terms (ostomy and stoma) are often used interchangeably. The global Ostomy Care Market (defined here as consisting of pouching systems and ostomy care accessories (including deodorants, skin barriers and clothing) but excluding irrigation products) had an estimated value of $2.4 billion in 2015 (source: GIA). Currently, there are approximately three million ostomy patients worldwide (source: Kalorama Information), for whom ostomy pouches are non-discretionary purchases. Ostomy patients are skewed towards the over 65 years age category, with varying patient life spans depending on the underlying condition and type of ostomy procedure (for example, colorectal cancer/colostomy, inflammatory bowel disease/ileostomy and bladder cancer/urostomy).

The Ostomy Care Market has three segments: one-piece pouching systems, two-piece pouching systems and accessories and other products. One-piece pouching systems consist of an integrated flexible skin barrier connected to the stoma and a pouch to collect waste. These systems are generally flexible and discreet, supported by favourable reimbursement. Two-piece pouching systems consist of a separate pouch and skin barrier, allowing users to change the pouch without removing the barrier. Accessories and other products include pastes, powders, strips, seals adhesive removers, deodorants, skin barriers and specialty clothing.

Ostomy Care Franchise by segment (2015A)



Note: Data based on ConvaTec 2015 Sales

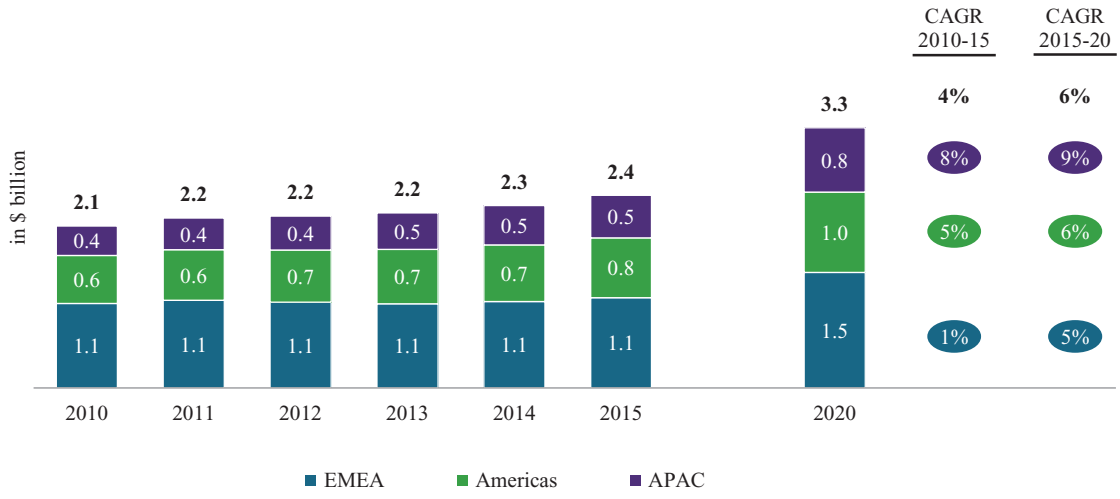
The global ostomy market is expected to grow at a rate of four to six per cent. per annum between 2015 and 2020 (source: GIA), with drivers expected to include:

- an ageing population with longer life expectancy that is living a more active lifestyle;
- the increasing prevalence of underlying conditions, such as colorectal cancer, bladder cancer, inflammatory bowel disease and Crohn's disease, as a result of an ageing population and lifestyle/diet changes in global markets. For example, 780,000 people were estimated to have Crohn's disease in the United States in November 2014 (source: Crohn's & Colitis Foundation of America) and colorectal cancer is the third most common cancer in the world, with nearly 1.4 million new cases diagnosed in 2012 (source: World Cancer Research Fund International);
- a greater number of patients with access to ostomy procedures, mainly due to the growth of emerging economies, improved awareness of underlying diseases and effectiveness of ostomy products to improve lives and expanding reimbursement for ostomy devices in the United States (source: Markets and Markets); and
- increased use of accessory products (including pastes, seals, and adhesive removers) by patients in certain markets (source: Markets and Markets) which are outperforming traditional products.

This growth may be partly offset by a drop in radical procedures in mature markets, due to earlier detection of cancers, improved medication, and a gradual shift away from permanent ostomies to temporary ostomies. Overall, however, permanent patients continue to represent the majority of total ostomy pouch users.

On a geographic basis, EMEA is the largest ostomy market globally with an estimated size of $1.1 billion in 2015 and an expected CAGR of five per cent. between 2015 and 2020. The Americas is the second largest market with an estimated size of $0.8 billion in 2015 and an expected CAGR of six per cent. between 2015 and 2020. The APAC market is the smallest with an estimated size of $0.5 billion in 2015 and an expected CAGR of nine per cent. between 2015 and 2020 (source: GIA). The higher level of growth in APAC reflects increasing incidence due to an ageing population, changing dietary habits and growing use of antibiotics, as well as increased access to healthcare and greater product adoption.

Global Ostomy Care Market



Source: GIA

Critical success factors for ostomy product design are a low level of leakage and lack of irritation for the patient. According to data collected by the Group, approximately 60 per cent. of patients with an ostomy develop peristomal skin complications, commonly stemming from bodily waste leaking in between the stoma and the skin barrier. This cycle of leakage and skin breakdown can negatively impact quality of life, physically and emotionally. Therefore, the security of the fit of the pouching system to the body is paramount in enabling patients to live their lives normally. Critical to this security are the quality of the product's adhesive and the fit of the product to the patient's body.

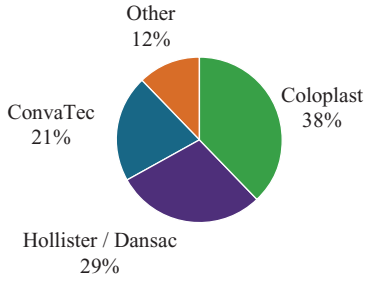
Ostomy patients tend to be loyal customers in that they do not often switch between products and use ostomy products over extended periods due to the critical nature of having a reliable product in order to be able to lead a fulfilling life, providing a predictable source of revenue for manufacturers. Patients who do switch product or brand do so generally during the first twelve months after initial discharge from hospital. Often the catalyst for change will be a pouch that no longer fits correctly, given it is quite common for an ostomy patient's body size and/or shape to change in the near-term following surgery. In the majority of markets, ostomy product suppliers have focused on ostomy physicians and nurses to drive new patient capture ("NPC") in the acute setting in order to maximise sales in the post-acute setting. Hence, key sales targets for the Ostomy Care business include nurses, hospitals, hospital purchasing groups, distributors, home care / long term care companies and also patients themselves through the direct-to-consumer channel.

Competitive landscape

The global ostomy market is highly consolidated with the three largest manufacturers controlling 88 per cent. of the market in 2015 (source: GIA). The three global operators are Coloplast, Hollister Incorporated (including Dansac, part of the Hollister group) and ConvaTec. All three of these manufacturers offer broad portfolios and ranges of products. ConvaTec is known for its innovative Stomahesive and Durahesive technologies that help protect against leakage, as well as for its technology that decreases noise and odours. Coloplast is known to have a good soft tap closure on its urostomy pouch and strong emphasis on consumer positioning. Hollister claims it has the quietest pouch material and has also launched a "shape-to-fit" product to compete with ConvaTec's moldable technology.

Smaller regional providers of ostomy and ostomy-related products include B. Braun in France and Germany, Salts and Welland in the UK, and Alcare in Japan. The Group had a global market share of 21 per cent. in 2015 (source: GIA), and is the number two supplier in the US market and number three supplier in the United Kingdom and France (source: DRG, IMS Health and GERS, respectively).

Global Ostomy Care Market shares (2015A)



Source: GIA

New market entrants have not captured significant share due to the high barriers to entry in this segment. Key criteria for success include technological know-how and innovation, patients' strong loyalty to the brands, regulatory approvals needed for each product, time to build relationships with doctors and nurses and considerable investments in salesforce.

Continence & Critical Care

Market overview and trends

CCC operates within a market that can be segmented into continence care, critical care and hospital care.

- Continence Care addresses needs for patients who are unable to empty their bladder. Incontinence affects older people more often than younger people. Patients can use an intermittent catheter which is inserted through the urinary tract to empty the bladder.
- Critical Care products are used to manage acute fecal incontinence (patients suffering from involuntary release of stool), monitor urine production output and monitor intra-abdominal pressure ("IAP").
- Hospital Care provides a wide range of high-quality disposable medical devices for use in a range of relatively common and frequent procedures in urology, intensive care, operating rooms and other hospital departments. These products help care teams complete necessary everyday procedures safely and efficiently and include wound drainage systems, urine collection bags, airway management and oxygen/aerosol therapy devices, suction handles and tubes, gastroenterology tubes and securement devices.

Growth in the CCC Market is driven by increases in non-elective care consumption and reimbursement coverage due to demographic trends and the increased prevalence of chronic conditions. Increased awareness of preventable complications and concerns about hospital-acquired infections, such as urinary tract infections, *Clostridium difficile*, and ventilator-acquired pneumonia, is also contributing to greater utilisation of more innovative products.

Key segments of the CCC market

The Group's key focus within the broader CCC Market is on continence care, with a particular focus on the intermittent self-catheterisation ("ISC"), and critical care focusing on the fecal management segments described in detail below.

Catheters

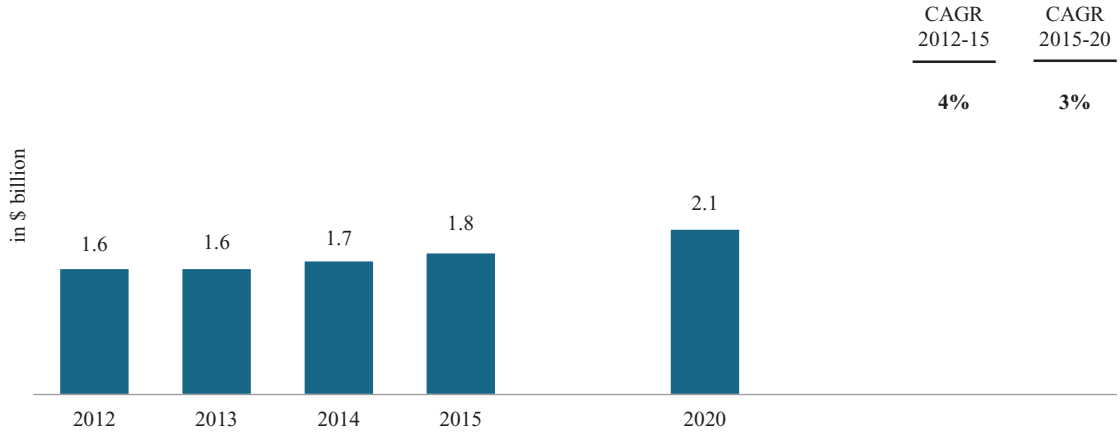
Catheters are small hollow tubes, which are inserted into the bladder to drain away urine. They are available in different shapes and sizes. Single-use intermittent catheters are typically used by patients with spinal cord injuries, multiple sclerosis or benign prostatic hyperplasia. The EU and United States ISC sub-segment was estimated to be $1.8 billion in 2015 (source: iData Research).

Europe is estimated to be the largest market for ISC globally and is expected to grow at a CAGR of three per cent. between 2015 and 2020, driven by the home healthcare segment and increased use of single-use catheters (source: iData Research). This expansion is drawing patients who prefer single-use catheters as opposed to using a catheter multiple times before disposal. Further, several coated catheter patents held by the Group's competitors are set to expire in 2017 in Europe, creating opportunities for market expansion.

The United States is a smaller ISC market than Europe today but is expected to grow at a CAGR of five per cent. between 2015 and 2020 following the expansion of reimbursement for single-use devices (source: iData Research). ISC market growth is also supported by an ageing population and an increase in general care consumption. Specialist urologic retailers in the United States such as 180 Medical are well poised to benefit from intermittent self-catheterisation trends and reimbursement rates.

While hospital purchasers and GPO managers are important target groups, nurses are the key group to whom marketing information and training is directed. Typically, a urology nurse assesses a patient's ability to perform self-catheterisation and educates the patient or caregiver on the use of an intermittent catheter. Catheters are reimbursed in most countries with a health insurance system. However, the level of compensation differs between countries.

US and EMEA intermittent catheter markets



Source: iData Research

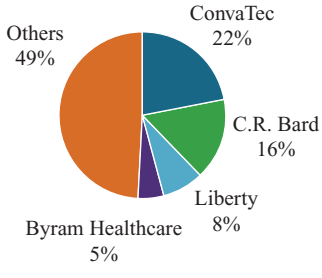
Fecal management

Fecal management in hospital ICUs is an underpenetrated sub-segment by all market participants with high growth potential. Acute fecal incontinence is a serious problem in the critical care setting, affecting between 18 per cent. and 33 per cent. of acute/critical care patients (sources: Bliss, Johnson, Savik, Clabots, Gerding (2000) and Junkin, Selekof (2007)). When not adequately managed, complications can quickly occur, including skin breakdown, the development of pressure ulcers and the spread of diarrhoea-associated infections such as *Clostridium difficile*. The Group is focused on expanding its sales in this sub-segment.

Competitive landscape

The ISC sub-segment is highly fragmented, with the Group being the market leader in retail distribution of ISC products in the United States through its 180 Medical subsidiary (source: CMS). Primary competitors in the US distribution channel include Liberty C.R. Bard (through Liberator Medical Supply), Liberty Medical and Byram. Leading global manufacturers of ISC products include Coloplast, Wellspect, Hollister and C.R. Bard.

US intermittent catheter retail market shares (2014A)



Source: Medicare

The Group is the leading specialist retailer of intermittent self-catheters in the United States, and 180 Medical is the largest durable medical equipment retailer in the United States with 22 per cent. of intermittent self-catheter Medicare sales, followed by Liberator Medical (C.R. Bard) with a market share of approximately 16 per cent. (source: CMS, HME News).

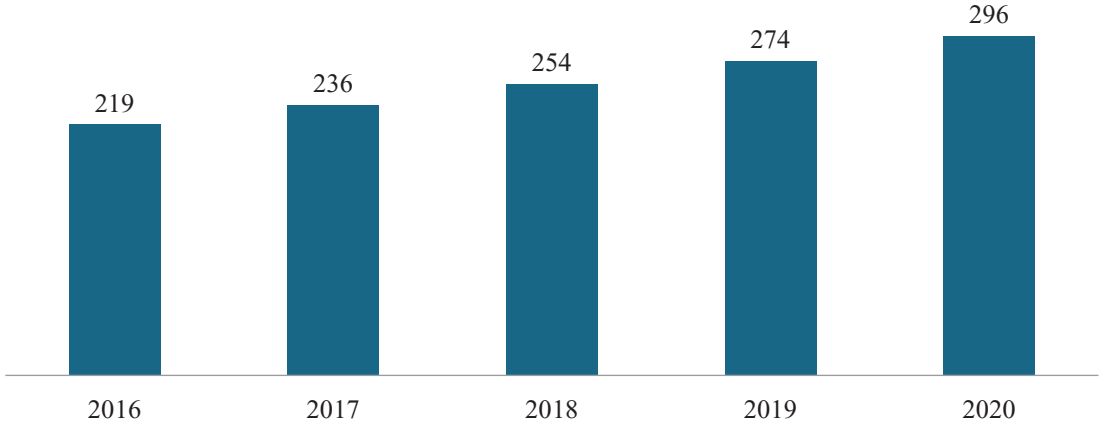
In fecal management, the Group has the leading market position in the United States with 67 per cent. market share (source: GHX). In recent years, C.R. Bard has entered this market and is believed to hold a strong number two position over Hollister with 26 per cent. and seven per cent., respectively. The Directors also believe that the Group holds clear market leader positions in fecal management systems globally and urine meters in Europe.

Infusion Devices

Market overview and trends

The Infusion Devices market addressed by the Group includes insulin pump therapy for diabetes, other continuous infusion treatments, and a range of other products for hospital care. The Group supplies infusion sets to all the major manufacturers of insulin pumps, who together represent 85 per cent. of the insulin pump market globally (source: Daedal Research). Insulin pump therapy for diabetes, consisting of insulin pumps, related cartridges and infusion sets, is estimated to have been approximately a $2.5 billion market in 2015 and is expected to continue increasing at a CAGR of approximately six per cent. between 2015 and 2020 (source: BMI Research, Daedal Research). The infusion pump consumables sub-segment, including infusion sets, was estimated to be a $0.5 billion market in 2015 (source: Markets and Markets). Demand for infusion sets is expected to grow in line with forecast growth in the insulin pumps market, reflecting an expected increase in the prevalence of diabetes in both developed and developing economies, which is expected to grow at a CAGR of 2.3 per cent. between 2015 and 2021. In addition, the penetration of infusion pumps in place of other insulin delivery technologies is expected to grow, driving a 7.9 per cent. CAGR in the number of insulin pumps sold between 2013 and 2020. In addition, the Group supplies a range of infusion set products to hospitals and the home healthcare sector.

Number of insulin pumps sold globally (in thousands)



Source: Markets and Markets

In insulin pump therapy, patients use drug delivery pumps to administer a continuous infusion of basal rapid-acting insulin via a subcutaneous (i.e., below the skin) infusion set with the ability to infuse bolus rapid-acting insulin before all meals and snacks and as needed. An infusion set includes a cannula that is inserted underneath the skin, usually in the abdomen, and plastic tubing that connects the cannula to the pump. The infusion sets are usually replaced every two or three days.

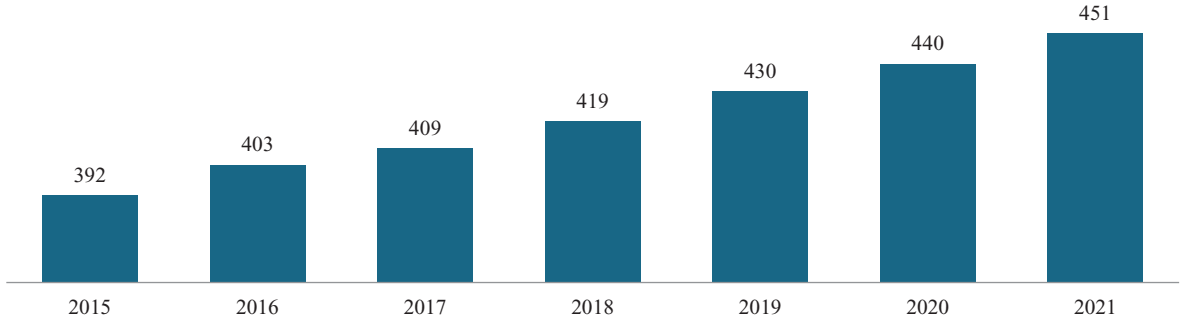
The International Diabetes Federation estimates that globally 415 million people aged 20 - 79 had diabetes in 2015 (source: IDF). This translates to 8.4 per cent. of the world's population (source: IDF). This prevalence is estimated to grow to 9.7 per cent. in 2030 (source: Euromonitor), largely driven by economies that are moving from low-income to middle-income levels, with associated shifts in diet leading to obesity and other lifestyle diseases. Approximately 35 million people live with Type 1 diabetes (autoimmune reaction where the body's defence system prevents insulin production) worldwide, according to T1D Exchange. These patients are insulin-dependent, and are usually diagnosed during childhood or

adolescence. Insulin pumps are sold to an installed base of approximately 842,000 diabetes patients (source: Daedal Research), with a majority of them suffering from Type 1 diabetes, for whom such devices represent regular and non-elective purchases.

Drivers of growth in the infusion set market include:

- the increasing prevalence of diabetes combined with increased acceptance and reimbursement coverage of insulin pump therapy;
- increased pump performance and more user-friendly infusion sets;
- continued adoption in the United States and the EU of infusion pump therapy and related infusion sets;
- the desire to reduce long-term complications of diabetes and increased focus on quality of life in treatment;
- increased focus on offering Type 2 diabetics who need insulin the pump and patch systems (in which insulin is delivered via an adhesive patch applied to the skin); and
- expanding the use of pump therapy to non-diabetes applications such as pain management and the management of Parkinson's disease.

Global Diabetes Prevalence (in millions)



Source: Euromonitor

Competitive landscape

The Infusion Devices Market consists of a small number of key competitors, and the Group is the clear global market leader, supplying manufacturers who comprise 85 per cent. of the global insulin pump market (source: Daedal Research). The Group's competition in the Infusion Devices Market comprises smaller competitors such as Smiths Medical, Flextronics, Gerresheimer and Ypsomed for infusion sets, and Insulet for patch pumps. Becton Dickinson has also recently announced an intention to enter the infusion sets market; however these products are yet to be released to market.

There are high barriers to entry to the Infusion Devices Market which have prevented others from capturing significant share in this segment. Successful participation in this market requires consistent and long-term investment in new product technologies, on-going investments in high-technology automated production facilities to secure the highest quality standards at sustainable costs and long-term partnership agreements. In addition, the Group believes it has patent and other intellectual property protections in place for its advanced Infusion Devices products, as well as long-term contracts, which make it difficult for new entrants to compete effectively.

PART 6
Regulatory Overview

The Group's business is highly regulated, and it is subject to various government regulations, reimbursement policies and healthcare cost-containment programmes in the countries in which it operates.

The main agencies with regulatory authority over the Group's products are the FDA in the United States, various country-based competent authorities and notified bodies in the European Union and various other agencies in the Group's other markets that tend to resemble either the US or EU regulatory models. The European model includes accredited notified bodies that oversee the industry and provide governance between the industry and the relevant competent authorities. The Group's notified body is the BSI for the majority of its products, and G-Med for its Infusion Devices market franchise.

FDA

The Group's research, development, manufacturing and marketing operations are subject to extensive regulation in the United States and other countries. Most notably, all of the Group's products sold in the United States are subject to the US Federal Food, Drug and Cosmetic Act ("FDCA") as implemented and enforced by the FDA. The FDA regulates the following activities that the Group performs or that are performed on its behalf to ensure that medical products distributed domestically or exported internationally are safe and effective for their intended uses:

- product design, development and manufacture;
- product safety, non-clinical and clinical testing, labelling, packaging and storage;
- record keeping procedures;
- product marketing, sales, advertising, promotion and distribution;
- post-marketing surveillance or post market studies, complaint handling, medical device reporting, reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import and export.

The Group and its products are subject to numerous FDA regulatory requirements including:

- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- US Quality System Regulation ("QSR") which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labelling regulations and FDA prohibitions against the promotion of products for un-cleared, unapproved or off-label use or indication;
- clearance or approval of new products or certain product modifications;
- medical device reporting regulations, which require that manufacturers comply with FDA requirements to report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or a similar device were to recur;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect public health or to provide additional safety and effectiveness data for the device; and
- notices of correction or removal and recall regulations.

Unless an exemption applies, each medical device commercially distributed in the United States requires either FDA clearance of a 510(k) pre-market notification, or approval of a pre-market approval application. Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include compliance with the

applicable portions of the QSR facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labelling, advertising, and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls as deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, post-market surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the 510(k) pre-market notification requirement, manufacturers of most Class II devices are required to submit to the FDA a pre-market notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) pre-market notification is generally known as 510(k) clearance. Devices deemed by the FDA to pose the greatest risks, such as life sustaining, life supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring a pre-market approval, or PMA. Some pre-amendment devices are unclassified, but are subject to FDA's pre-market notification and clearance process in order to be commercially distributed. The majority of the Group's devices are classified as Class I or II, although the Group manufacturers or sells devices in each of the three classes.

In the 510(k) clearance process, the FDA must determine that a proposed device is "substantially equivalent" to a legally marketed device, known as a "predicate" device, with respect to intended use, technology and safety and effectiveness, in order to clear the proposed device for marketing. Bench tests, pre-clinical and/or clinical data are sometimes required to support substantial equivalence. The PMA approval pathway requires an applicant to demonstrate the safety and effectiveness of the device based, in part, on data obtained in clinical trials. Both of these processes can be expensive and lengthy and entail significant fees, unless exempt. The FDA's 510(k) marketing clearance process usually takes from three to 12 months, but it can last longer. The process of obtaining PMA approval is much more costly and uncertain than the 510(k) marketing clearance process. It generally takes from one to three years, or even longer, from the time the PMA application is submitted to the FDA, until an approval is obtained. In the United States, the Group's currently commercialised products have received pre-market clearance under Section 510(k) of the FDCA. Certain products also require pre-market clinical testing for safety and efficacy.

The FDA has broad regulatory enforcement powers. The Group is subject to unannounced inspections by the FDA to determine its compliance with the QSR and other regulatory requirements, and these inspections may include the manufacturing facilities of some of the Group's subcontractors. Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in enforcement action by the FDA or other regulatory authorities, which may result in sanctions including, but not limited to:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, and/or refunds;
- recall, detention or seizure of the Group's products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying the Group's requests for 510(k) clearance or PMA approval of new products or modified products;
- withdrawing 510(k) clearances or PMA approvals that have already been granted;
- refusal to grant export approval for the Group's products; or
- criminal prosecution.

For further information regarding the potential impact of compliance with FDA's regulations, see "*Defects, failures or safety or quality issues associated with the Group's products could lead to product recalls, safety alerts, adverse regulatory actions, litigation, including product liability claims, or negative publicity that could materially adversely affect the Group's reputation, business, financial condition and results of operations*" in Part 1 (Risk Factors). For information on FDA inspections, warning letters, corrections and removals to which the Group has been subject, see "*FDA Regulations*" in paragraph 14 of Part 15 (Additional Information).

Other US Healthcare Laws

The Group is also subject to healthcare regulation and enforcement by the federal government and the states and foreign governments in which it conducts its business. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, physician sunshine and privacy and security laws and regulations.

The US Anti-Kickback Statute prohibits, among other things, any person from knowingly and wilfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programmes such as the Medicare and Medicaid programmes. The US Anti-Kickback Statute is subject to evolving interpretations. In the past, the government has enforced the US Anti-Kickback Statute to reach large settlements with healthcare companies based on sham consulting and other financial arrangements with physicians. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the US Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the US Federal False Claims Act. The majority of US states also have anti-kickback laws which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payer, including commercial insurers.

Additionally, the civil False Claims Act prohibits knowingly presenting or causing the presentation of a false, fictitious or fraudulent claim for payment to the US government. Actions under the False Claims Act may be brought by the Attorney General or as a *qui tam* action by a private individual in the name of the government. Violations of the False Claims Act can result in very significant monetary penalties and treble damages. The federal government is using the False Claims Act, and the accompanying threat of significant liability, in its investigation and prosecution of device and biotechnology companies throughout the country, for example, in connection with the promotion of products for unapproved uses and other sales and marketing practices. The government has obtained multi-million and multi-billion dollar settlements under the False Claims Act in addition to individual criminal convictions under applicable criminal statutes. Given the significant size of actual and potential settlements, it is expected that the government will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable fraud and abuse laws.

To the extent the Group directly bills government healthcare programmes for the provision of its products, its financial relationships with referring physicians may be subject to the Stark Law, which prohibits, among other things, physicians who have a financial relationship, including an investment, ownership or compensation relationship with an entity, from referring Medicare and Medicaid patients to that entity for designated health services, which include the provision of DMEPOS, unless an exception applies. Similarly, entities may not bill Medicare, Medicaid or any other party for services furnished pursuant to a prohibited referral. Unlike the US Anti-Kickback Statute, the Stark Law is a strict liability statute, meaning that all of the requirements of a Stark Law exception must be met in order for referrals to an entity by a physician with a financial relationship with the entity to be compliant with the law. Penalties for violating the Stark Law include denial of payment, civil monetary penalties of up to $15,000 per claim submitted, and exclusion from federal healthcare programmes, as well as a penalty of up to $100,000 for attempts to circumvent the law.

The federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), also created new federal criminal statutes that prohibit among other actions, knowingly and wilfully executing, or attempting to execute, a scheme to defraud any healthcare benefit programme, including private third-party payers, knowingly and wilfully embezzling or stealing from a healthcare benefit programme, wilfully obstructing a criminal investigation of a healthcare offense, and knowingly and wilfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the US Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

There has also been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The ACA, among other things, imposed new reporting requirements on device manufacturers for payments made by them to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit required information may result in civil monetary penalties of up to an aggregate of $150,000 per

year (or up to an aggregate of $1 million per year for "knowing failures"), for all payments, transfers of value or ownership or investment interests that are not timely, accurately and completely reported in an annual submission. Device manufacturers were required to begin collecting data on 1 August 2013 and must submit annual reports to CMS by the 90th day of each calendar year. Certain states also mandate implementation of compliance programmes, impose restrictions on device manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to physicians.

The Group may also be subject to data privacy and security regulation by both the federal government and the states in which it conducts its business. HIPAA, as by the Health Information Technology and Clinical Health Act of 2009 ("HITECH"), and their respective implementing regulations, including the final omnibus rule published on 25 January 2013, imposes specified requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates," defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts.

European Regulations

The main regulatory regimes to which the Group's products are subject in the EU are the EU Medical Device Directive and the ISO 13485 quality system standards for medical devices. These regulatory regimes include requirements for:

- product design, development and manufacture;
- product safety, labelling, packaging and storage;
- record keeping procedures;
- post-marketing surveillance or post-market studies, complaint handling, medical device reporting, reporting of deaths, serious injuries or device malfunctions and repair or recall of products; and
- import and export.

Each member state of the EU is responsible for applying the MDD into legislation, and the directive is overseen by a country-based competent authority. The MDD requires that all medical devices meet the essential safety requirements in Annex 1 of that directive in order to place a CE Mark on the device allowing it to be marketed and sold in the EU.

The MDD requires that all medical devices are placed into one of three classifications: Class I (low risk), Class II (medium risk) or Class III (high risk).

Class I devices are self-certified by the manufacturer that the device meets all relevant requirements of the MDD. The manufacturer must compile a technical construction file, and a Declaration of Conformity must be signed by a competent person who has been duly trained.

Class II devices are separated into Class IIa and Class IIb devices. Class IIa devices may be self-certified by the legal manufacturer so long as the manufacturer's quality system has been assessed to meet the requirements of that particular type of device. Where applicable, the Group's quality system meets this requirement. Class IIb devices must be independently reviewed by an accredited notified body in order to affix the CE Mark to the device.

Class III devices require notified body review in all cases and further review of all life-cycle management changes when deemed significant.

The majority of the Group's devices are classified as Class 2a and 2b, although the Group manufactures or sells devices in each of the classes.

Each country's competent authority and the Group's notified bodies have broad regulatory enforcement powers. The Group is subject to unannounced inspections and general surveillance visits by the notified

bodies to review the quality systems. Further, the quality systems are audited every three years to ensure continued compliance with ISO 13485. Class IIa and IIb technical construction files are selected and reviewed annually to ensure changes to the products remain compliant with the MDD. Class III devices undergo a full review every five years to determine compliance with the MDD and to ensure that lifecycle changes are correctly handled. All inspections and audits may also include the relevant manufacturing and R&D facilities of some of the Group's subcontractors where designated "critical" by the relevant competent authority. Competent authorities such as the UK's Medicine and Healthcare Regulation Agency also have authority over certain of the Group's facilities.

Failure by the Group or its subcontractors to comply with applicable regulatory requirements can result in actions such as rescinding quality system or CE Mark certificates, refusal to grant CE Marks to new products or forced recalls of products.

The Group's operations in the United Kingdom are currently subject to the MDD. For more detail on risks resulting from Brexit, see "*The vote by the United Kingdom to leave the European Union could adversely affect the Group*" in Part 1 (Risk Factors) in this Prospectus.

The primary law in relation to data protection, the European data protection Directive 95/46/EC, has been implemented in the United Kingdom by the Data Protection Act 1998. As a UK-incorporated entity, the Company is subject to the DPA, which regulates the use of personal data in accordance with eight key principles, which include, amongst others, that personal data shall: be processed fairly and lawfully; only be processed for specified purposes; be processed in accordance with the rights of individuals; be subject to appropriate technical and organisational measures; and not be transferred outside of the European Economic Area unless certain conditions or exceptions apply. Additionally, the Privacy and Electronic Communications (EC Directive) Regulations 2003 ("PECR") implement the privacy and electronic communications Directive 2002/58/EC. PECR applies to the sending of any electronic marketing messages in the UK (including by telephone, email, text message or by using an automated calling system). Broadly, PECR prevents unsolicited marketing material being sent to individuals without their prior consent, subject to exceptions.

Other jurisdictions

Many of the requirements applicable to the Group's devices and products around the world are similar to those of the United States or European Union, although they differ in detail, particularly with regard to pre-market registrations or clearances and risk classifications.

In some regions, the level of government regulation of medical devices is increasing, which can lengthen time to market and increase registration and approval costs. In many countries, the national health or social security organisations require the Company's products to be qualified before they can be marketed and considered eligible for reimbursement.

Laws range from comprehensive device approval requirements for some or all of the Group's products to requests for product data or certifications. Inspection of and controls over manufacturing, as well as monitoring of device-related adverse events, are also components of most of these regulatory systems. The general trend is toward increasingly stringent regulation.

To be sold in Japan, most medical devices must undergo thorough safety examinations and demonstrate medical efficacy before they are granted approval through a pre-market approval application, or *shonin*. The Japanese government regulates medical devices under the Pharmaceutical Affairs Law. Oversight for medical devices is conducted through the Pharmaceutical and Medical Devices Agency, a government organisation responsible for scientific review of market authorisation applications, and inspection and auditing of manufacturers to ensure compliance with clinical, laboratory, and manufacturing practice requirements. Penalties for a company's noncompliance with applicable regulations could be severe, including revocation or suspension of a company's business licence and criminal sanctions. The Group is subject to inspection for compliance by the Japanese Ministry of Health, Labour and Welfare and the Pharmaceutical and Medical Devices Agency.

Coverage and Reimbursement

The Group's product portfolios are subject to hospital payment levels, community reimbursement policies and fees of third-party payers in each country in which its products are sold. Coverage and reimbursement in international markets vary significantly by country and include both government-sponsored healthcare and private insurance.

Various factors have driven healthcare reforms in many countries where the Group sells its products, such as increasing per capita healthcare consumption in developed markets as a result of increased life expectancy, increased incidence of chronic illnesses, defensive medicine and other factors. These reforms, combined with government austerity programmes following the global recession, have generally been accelerated in an effort to reduce overall healthcare spending. As a result, national healthcare systems have sought ways to limit cost increases, placing downward pressure on the prices of many of the Group's products while putting increased emphasis on differentiated products and support services that can provide improved patient outcomes and cost-effective benefits to patients.

United States

In the United States, reforms mandated by the ACA have increased provider regulation and risk of payment penalties for poor patient outcomes. Increasingly, manufacturers need to demonstrate with clinical evidence that their products not only perform on individual patients, but also help providers meet ACA-mandated quality and outcomes measures. This requires the Group to provide higher levels of evidence of the benefits of new technologies and creates increased pricing pressures for the Group's older, existing technologies that may not have the requisite evidence. Some of these impacts are spread over several years due to multi-year contracts.

The ACA also expanded the DMEPOS Competitive Bidding Program for medical devices sold in retail settings outside of the hospital. None of the products manufactured by the Group are in categories currently included in the Competitive Bidding Program however, retail supplier consolidation as a result of the programme may place downward pressure on the Group's prices as larger retailers qualify for discounted volume pricing. See also "*Changes in regulatory reimbursement regimes and in regulations, policies, rules and internal cost reduction audit programmes of governmental social health care services regarding billing of the Group's products could reduce or delay reimbursement for the Group's products, adversely affect the demand for the Group's products and increase compliance costs*" in Part 1 (Risk Factors).

The ACA also imposed a 2.3 per cent. excise tax on medical device manufacturers' US sales, beginning 1 January 2013. Under the Consolidated Appropriations Act, 2016, this tax is suspended from 1 January 2016, to 31 December 2017, and, absent further action, will be reinstated starting 1 January 2018. The Group believes that many of its products meet the requirements of the "retail exemption" Safe Harbor or the Facts and Circumstances Tests, as outlined in the final rule issued by the Internal Revenue Service ("IRS") and are, thus, exempt from the tax. Further, the final rule also defines a "Safe Harbor" for certain classes of devices categorised as prosthetic devices under the US Social Security Act. The Group believes that most of its ostomy products are included in the proposed IRS Safe Harbor regulations and are thereby also excluded from the tax. The total cost incurred by the Group for the medical device excise tax during 2015 and 2014 was $1.7 million and $1.6 million, respectively.

Europe

Healthcare reforms in certain European countries are triggering government payers to implement cost-cutting measures that result in reduced recognition of brand differences for medical technologies in reimbursement schemes and higher clinical and health economic evidence requirements. In the United Kingdom, decentralisation of large portions of the NHS is encouraging new business and contracting models involving economic decision makers. Reforms creating internal and external market forces on healthcare delivery, shifting care "closer to home" to less expensive settings and increasing focus on prevention and management of chronic disease are changing the landscape in which the Group sells. While the increased focus on efficiency provides selling opportunities for the Group's products with strong value messages for care providers and prescribers, this focus has yet to fully filter through to procurement bodies which still largely base decisions solely on price.

Reimbursement in the United Kingdom is governed by the Drug Tariff, which defines what will be paid to pharmacy contractors for NHS services provided either for reimbursement or for remuneration. The Drug Tariff currently in place in England covers both England and Wales while Scotland and Northern Ireland maintain and publish separate Drug Tariffs.

In Germany, reimbursement in the outpatient sector has two independent general agreements for private health insurance and statutory health insurance. Statutory health insurance is governed by the Uniform Evaluative Standard, which is a catalogue of medical services that defines and assesses how much a doctor is paid for providing a specific service. Medical devices are either included in the approved tariff or billed separately, depending on the service provided. For ostomy services, insurers and healthcare providers have

implemented agreements to define the amount of reimbursement for ostomy devices. Medical devices that are used at home and reimbursed under statutory health insurance are listed in specified directories and inpatient reimbursements are based on diagnosis-related groups.

In Italy, Ostomy and CCC device reimbursement is set by the national government, although there are some cases in which regional authorities have updated tariffs. For modern dressings, the reimbursement in community is limited to hydrocolloids for patients with particular handicaps certified by the government. The rest of the Wound Care (and Critical Care) products are purchased by hospitals and included in a patient's cost of care.

In Spain, medical devices are either categorised as (i) products purchased directly by hospitals and included in a patient's cost of care or (ii) products reimbursed with a level of co-payment (0 per cent. to 60 per cent.) from the patients (depending on the income). Ostomy and Wound Care products can be sold in pharmacies to patients and must be approved by the Spanish Ministry of Health.

In France, medical device prices and reimbursement rates are negotiated between CEPS (*comité économique produits de santé*) and the manufacturer. Most of the Ostomy and Advanced Wound Care products are fully reimbursed. Advanced Wound Care products can either be classified as "generic" or "brand name". All generic products of the same type receive the same reimbursement. Brand name products may use premium pricing. All Ostomy and CCC products are classified as generic, with one-piece and two-piece ostomy systems receiving different reimbursements

APAC

Japan, South Korea, Australia and New Zealand have advanced reimbursement mechanisms with coverage across all aspects of the Group's product portfolio. Recent government budget cuts and the resulting cuts to reimbursements have created risk for the Group, in particular for Advanced Wound Care. There has also been a shift toward consolidation of vendors and government tendering, which has increased competitive pressures. Patients in China, India and other developing countries in southeast Asia tend to pay out-of-pocket. There is opportunity for expansion in these countries as the number of patients who can afford premium healthcare products grows.

PART 7
Business Description

Investors should read this Part 7 (Business Description) in conjunction with the more detailed information contained in this Prospectus including the financial and other information appearing in Part 10 (Operating and Financial Review). Where stated, financial information in this section has been extracted from Part 12 (Historical Financial Information).

Introduction

ConvaTec 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, continence and critical care and infusion devices used in the treatment of diabetes and other conditions. Across its operations as a developer, manufacturer and marketer of innovative medical products, ConvaTec has leading market positions in a number of attractive, structurally growing markets where the Group expects underlying trends to continue driving increased demand globally. The Group operates across four major market franchises:

Advanced Wound Care. The Advanced Wound Care franchise provides 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. Advanced Wound Care accounted for 32.5 per cent. of the Group's revenue in 2015 and had an addressable market of $5.0 billion, which is expected to grow at five to six per cent. per annum between 2015 and 2020 (sources: BioMedGPS and FMI).

Ostomy Care. The Ostomy Care franchise provides devices, accessories and services for people with a stoma (a surgically-created opening where bodily waste is discharged), commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes. Ostomy Care accounted for 31.2 per cent. of the Group's revenue in 2015 and had an addressable market of $2.4 billion, which is expected to grow at four to six per cent. per annum between 2015 and 2020 (source: GIA).

Continence & Critical Care (CCC). The CCC franchise provides products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other causes. The franchise also supplies devices and products used in intensive care units and hospital settings. CCC accounted for 21.1 per cent. of the Group's revenue in 2015. Continence Care is the largest portion of the franchise revenue and had an addressable market in the United States and Europe of $1.8 billion, which is expected to grow at five per cent. per annum between 2015 and 2022 in the United States and three per cent. per annum between 2015 and 2019 in Europe (sources: iData Research and GHX).

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 such as Parkinson's disease. In addition, the franchise supplies a range of products to hospitals and the home healthcare sector. Infusion Devices accounted for 15.2 per cent. of the Group's revenue in 2015 and had an addressable market of $0.5 billion, which is expected to grow at five to six per cent. per annum between 2016 and 2020 (source: Daedal Research).

Further details on each of the franchises are set out in "*Market Franchises and Products*" in this Part 7 (Business Description). For a description of the addressable market for each franchise, see "*Overview of the Group's addressable markets*" in Part 5 (Industry Overview).

The following table sets out the Group's revenue on a reported basis, as well as the period-on-period revenue growth by market franchise on a constant currency basis.

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(unaudited, unless otherwise stated) ($ million, unless otherwise stated)				
Total reported revenue (*audited, except six months ended 30 June 2015*)	**828.9**	**802.4**	**1,650.4**	**1,734.2**	**1,700.7**
Reported revenue percentage change compared to previous period (*audited, except six months ended 30 June 2015*)	**3.3%**	**—**	**(4.8)%**	**2.0%**	**—**
Revenue percentage change compared to previous period on a constant currency basis[(1)]					
Advanced Wound Care	8.2%	—	5.3%	8.5%	—
Ostomy Care	1.7%	—	1.3%	(6.2)%	—
Continence & Critical Care	5.4%	—	5.9%	9.7%	—
Infusion Devices	5.6%	—	6.2%	3.8%	—
Total	**5.2%**	**—**	**4.2%**	**2.8%**	**—**

Notes:

(1) In this table, constant currency information is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

On a reported basis in 2015, the Group generated revenue of $1,650.4 million, Adjusted EBITDA of $473.8 million and Adjusted EBIT of $436.8 million. In the six months ended 30 June 2016, the Group generated revenue of $828.9 million, Adjusted EBITDA of $226.2 million and Adjusted EBIT of $209.0 million. As of 30 June 2016, the Group had more than 9,000 employees and conducted business in more than 100 countries. Following completion of the Margin Improvement Programme, the Group will have eight manufacturing sites in strategic locations in six countries.

History

ConvaTec was founded in 1978 as a division of E.R. Squibb & Sons, Inc. Its first product, Stomahesive skin barrier, revolutionised ostomy care and established ConvaTec's reputation as an innovator of skin adhesives. ConvaTec's product portfolio grew to include a complete ostomy care line and advanced wound care line, including the proprietary AQUACEL and Hydrofiber Technology, Flexi-Seal range and DuoDERM dressings. In August 2008, the Principal Shareholders acquired the ConvaTec business from Bristol-Myers Squibb. ConvaTec subsequently acquired Unomedical in September 2008, expanding the Group's product offerings into continence and critical care and into infusion devices. In September 2012, ConvaTec acquired 180 Medical, through which the Group distributes disposable, intermittent (single-use) urological catheters directly to patients in the United States.

Since 2012, ConvaTec has continued its record of innovation and successful product launches, including expanding its Advanced Wound Care portfolio into new market segments with the launch of AQUACEL Foam, AQUACEL Ag+ and an NPWT product Avelle, as well as adding a new moldable 1-piece range of advanced pouches to its Ostomy Care range and growing its share of the continence market with the GentleCath range of intermittent catheters. Following the strengthening of the Group's senior management team in 2014–2015, the Group has positioned itself to continue growing as a global leader in chronic care medical devices.

Competitive Strengths

Leading positions in large, structurally growing markets

ConvaTec operates in large, structurally growing global markets, with growth driven by favourable underlying demand drivers. These drivers include an ageing global population, an increase in the prevalence of chronic conditions and increased life expectancy of patients suffering from those chronic diseases, as described in Part 5 (Industry Overview) of this Prospectus.

Many of the Group's core products across its four franchises hold leading positions in their addressable markets.

- *Advanced Wound Care:* the Group believes it is strongly positioned within the high-growth segments of the Advanced Wound Care Market. Globally in 2015, the Group had leading positions in the Advanced Wound Care Market, including a 17 per cent. market share in the advanced dressings segment, making it the third largest manufacturer globally in that segment by market share. The Group also had a number one position in 2015 in the antimicrobials/silver sub-segment, as well as in certain parts of the 'other advanced dressings' sub-segment, including hydrocolloids and alginates and Hydrofiber Technology (source: BioMedGPS). Additionally, the Group launched its AQUACEL Foam product in 2012 and has captured significant market share in the rapidly growing foam sub-segment due to the strong brand recognition enjoyed by the AQUACEL Hydrofiber Technology among clinicians. The global Advanced Wound Care Market is the Group's largest addressable market (approximately $5.0 billion in 2015) and is expected to grow at a CAGR of five to six per cent. between 2015 and 2020 (source: BioMedGPS and FMI), driven by an increase in the number of addressable wounds and a continued shift from traditional to more advanced wound care products, such as foam and antimicrobial therapies.
- *Ostomy Care:* the Group held a market share of 21 per cent. globally in 2015 (source: GIA), with a number two position in the United States and number three position in the United Kingdom and France (source: DRG, IMS Health and GERS, respectively). The Group's direct-to-consumer me+ programme focuses on supporting patients and expanding the Group's customer relationships. The global ostomy market was worth approximately $2.4 billion (in 2015) and, according to GIA, is forecast to grow at a CAGR of four to six per cent. over the medium-term, driven by a number of trends, including increasing patient volumes, as the prevalence of underlying conditions such as colorectal cancer and Crohn's disease continues to increase, supported by expanded access to surgery in many of the markets where the Group operates and enhanced levels of customer service (including increased independence) sought by patients with these conditions.
- *CCC:* the Group is the number one retailer of intermittent catheters in the United States with 22 per cent. retail market share in 2014 (source: Medicare). The US intermittent catheter market is forecast to grow at five per cent. per annum over the medium-term, driven by increasing levels of incontinence as a result of age and disease and a shift from multi-use to single-use products. The Group also believes that it holds leadership positions in fecal management systems globally and urine meters in Europe, and that these markets will continue to grow due to an increased focus on preventative care for risks of infections acquired in hospital. The Group is not currently present in the intermittent catheter market in Europe but is developing a product range for an expected European launch in 2017.
- *Infusion Devices:* the Group is the global leader in modern infusion sets, supplying all major manufacturers of insulin pumps, which together represent approximately 85 per cent. of the insulin pump market globally (source: Daedal Research). Infusion sets form a majority of the $0.5 billion insulin pump disposables market (source: Markets and Markets). Demand for infusion sets is expected to grow in line with forecast growth in the insulin pump market of five to six per cent. per year (source: Daedal Research), reflecting an on-going increase in the prevalence of diabetes in both developed and developing economies and the use of infusion devises for other continuous infusion treatments due to demographic trends and the increased prevalence of chronic conditions.

Diversified chronic care business with strong brands and differentiated products

ConvaTec has a well-balanced business across products, segments, geographies and payers. The Group's revenue is distributed across four key product franchises, with the largest, Advanced Wound Care, having comprised 33 per cent. of the Group's revenue in 2015. Geographically, the Group derives revenue from customers primarily in the Americas and EMEA, accounting for 48 per cent. and 45 per cent. of the Group's revenue in 2015, respectively, with the remaining revenue coming from APAC. The Group is not reliant on any single product, technology or country, and no individual product represents more than 10 per cent. of the Group's revenue.

In 2015, the Group generated more than 75 per cent. of its revenue from products used by patients with chronic care conditions, which conditions are experienced over a long duration and generally progress slowly. Many patients who are using ConvaTec's Ostomy Care, Infusion Devices or Continence Care products will ultimately use them for the rest of their lives, with a relatively low degree of switching once a

patient finds a product solution that works for them. Since the treatment of these conditions is non-discretionary, the Group's revenue from these products is largely non-cyclical. This pattern of consumption leads to recurring revenue streams for the Group.

The strength of the Group's business is further underpinned by its product portfolio, which is characterised by differentiated products and strong brands.

- *Advanced Wound Care:* the AQUACEL brand (launched in 1996) is highly recognised by healthcare professionals for its superior quality and the effectiveness of its Hydrofiber solutions. The Group has recently leveraged the power of this brand and its expertise in Hydrofiber therapies in its expansion into the foam sub-segment, following the launch of AQUACEL Foam in 2012. The Group's antimicrobial silver dressings, marketed under the AQUACEL Ag brand, are considered to provide market leading chemistry for the healing of wounds. The Group's launch of AQUACEL Ag+ in 2014, the first silver product to break down bacterial biofilms, reinforces the Group's differentiated offering.
- *Ostomy Care:* the Group has a full, competitive ostomy portfolio of ConvaTec branded products which have adhesive properties that compare favourably with those of its key competitors. The Group has launched a series of products since 2014, including the new moldable 1-piece advanced pouching system and the new Accordion flange product. The Group has also recently launched the me+ programme for ostomy patients, which provides support for patients living with their ostomies and an ongoing outlet for ConvaTec to maintain contact with existing and potential customers. Key differentiating factors of the me+ offering include a specialist nurse service model for patients, who are available via telephone to discuss patients' experience with ostomy products and offer other support services, as well as an accessory and clothing range targeted specifically at the needs of ostomy patients and a platform to reinforce connections across the ostomy community where participants help to support one another to live a fulfilling life with their conditions.
- *CCC:* the Group's innovative GentleCath catheter technology, which it launched in the United States in 2013, allows for easy insertion of the catheter with low tissue deformation, and the Group continues to be the established market leader in fecal management solutions with its Flexi-Seal range. The Group also has a strong position in urine monitoring in the markets in which it operates with its UnoMeter products. The CCC franchise is supported by the 180 Medical direct-to-consumer platform. 180 Medical has experienced rapid growth since its acquisition by the Group in 2012 due to the quality of its highly-rated differentiated service offering.
- *Infusion Devices:* the Group has achieved a strong position as a result of its advanced technology product offering, strong intellectual property protections and high quality manufacturing process delivering infusion sets of a uniform quality level in high volumes across a range of major insulin pump manufacturers. In this sub-segment of the medical device market, quality is fundamental given the potential adverse consequences of defective products for patients. ConvaTec's market position reflects the trust that infusion pump manufacturers and patients place in the Group's manufacturing processes and products.

Innovative pipeline and proven clinical performance

The Group has a track record of over 35 years of innovation focussed on meeting the requirements of patients. Historically, key innovations have included the development of the AQUACEL dressing with Hydrofiber Technology (1996) in Advanced Wound Care; Moldable Technology (2002) in Ostomy Care; the Flexi-Seal Fecal Management System (2005) and GentleCath intermittent catheters (2013) in CCC and the Inset (2005) in Infusion Devices. The Group has continued to build on these technology platforms, expanding, for example, the Advanced Wound Care range of products with the release of the AQUACEL Foam range in 2012 and, after a number of years of development, the launch of the AQUACEL Ag+ silver products in 2014, which the Group believes uniquely address the problem of bacterial biofilm on wounds. This focus on developing ranges of products around core technology platforms enables the Group to drive significant innovation from its research and development expenditure.

An important element of the Group's treatment proposition is the deep body of evidence-based claims that support its product portfolios across all four franchises. For example, AQUACEL products have been subject to a significant number of studies, and the strength of the technology and efficacy of the Group's AQUACEL offerings have been cited in over 150 scientific and clinical papers. One recent study demonstrated that, within an average of 4.5 weeks, 34 per cent. of previously static wounds were completely healed when treated with AQUACEL Ag+. Similarly, the Group's Moldable Technology for

ostomy patients has been investigated extensively and cited in scientific and clinical papers on 29 occasions, with one recent study providing strong validation of the post-surgery benefits of its adhesive qualities, finding 96 per cent. of patients maintained normal skin integrity for two months following treatment with the Group's CMT skin barrier product.

The Group believes that its product offering is underpinned by four core competencies: skin and tissue healing and protection, infection prevention, adhesives and advanced mechanical designs. These core competencies drive innovation across the Group's four market franchises. For example, the Group's adhesive technologies are used in many products across all franchise platforms and infection prevention is a feature of a number of the Group's products.

The Group's research and development capabilities are managed from its global development centre in Deeside in the United Kingdom. The Group's continuous innovation and proprietary know-how are combined with intellectual property protection across all key technology platforms, with over 230 active patent families and more than 2,000 patents and patent applications (on a provisional and non-provisional basis) globally. The Group has a development pipeline of proprietary technologies with products that span across its business areas, and which comprises projects at each stage of development, currently including 13 products at the concept phase, 24 products at the development phase and 13 products at or nearing the launch phase. A number of key launches are scheduled for 2016 and 2017, as discussed further in "*Research and Development*" in this Part 7 (Business Description).

Attractive financial profile with strong cash generation

The Group's financial profile demonstrates accelerating constant currency revenue growth in 2015 and the first half of 2016, as the core pillars of the Group's refreshed strategy to focus on launching new innovative products, entering new market segments and investing in direct-to-consumer have gained traction. On a constant currency basis, revenue grew 4.2 per cent. in 2015 and 5.2 per cent. in the six months ended 30 June 2016 as compared to the six months ended 30 June 2015. This acceleration in constant currency revenue growth reflects continued growth in the Group's Advanced Wound Care, CCC and Infusion Device franchise businesses, supported by the recent expansions into new sub-segments (e.g. foam and US catheters), as well as the improving performance of the Ostomy Care business over the last 18 to 24 months.

The Group generates strong margins from its product portfolio, with an Adjusted Gross Margin (excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business) of 59.6 per cent. and an Adjusted EBIT margin of 26.5 per cent. in 2015. This level of profitability reflects the Group's global scale, its established brands and strong and protected technology, as well as the benefits of a shared sales and central infrastructure across its franchises. The Group is currently engaged in the Margin Improvement Programme, or MIP, as described in further detail below.

The Group generates significant free cash flow, reflected in a pre-tax cash conversion ratio of 87.6 per cent. in 2015 (calculated as the ratio of Adjusted EBITDA less change in working capital and capital expenditure to Adjusted EBITDA). This reflects both limited recurring capital expenditure and relatively low working capital requirements, comprising 2.2 per cent. of sales and net working capital of 21 per cent. of sales in 2015, respectively. In addition, the Group has an efficient tax structure in place. The Group expects its reported tax rate to increase from a low-double digit percentage to a mid-teen percentage in the near term and to stabilise at that level going forward. In the medium term, the Group expects its cash tax rate to be in the high single-digit to low double-digit percentage range. These expectations are measured relative to Adjusted Net Income before tax (i.e. excluding acquisition amortisation and other adjusting items). Adjusted Net Income is defined as the net (loss) profit for the period and/or year adjusted to exclude impacts from amortisation of certain intangible assets including asset impairments, restructuring and other-related costs, remediation costs and other costs, including stock compensation expense associated with the legacy private equity stock compensation programmes, that are excluded by management in assessing the operating performance of the business, net of tax.

Significant Margin Improvement Programme

In the fourth quarter of 2015, the Group commenced a Margin Improvement Programme, or MIP, to drive efficiencies in its manufacturing and distribution cost base. Management is targeting a minimum net impact on margins of the MIP of 300 basis points by 2020, with approximately 50 basis points of gross margin benefit targeted in 2016.

The key elements of the MIP are:

- A structured approach to procurement to drive identified sourcing cost savings;
- A reduction in the manufacturing footprint of the Group, resulting in the closure of three of the Group's 11 manufacturing plants and movement of certain processes to other Group facilities. This programme is underway, with 2 plants closed by the end of August 2016 and most related expenditure expected to be incurred in 2016, with final investment completion targeted for the end of 2017 and full implementation in 2018;
- The implementation of "LEAN" manufacturing processes and workflows (which focus on standardisation of metrics, monitoring frequency and training, as well as application of specific tools in the manufacturing environment focused on continuous improvement, use of inventory-control systems, analysis of waste sources and improvements to overall equipment effectiveness) across the Group's production facilities, alongside expansion and refitting activities at the Group's Slovakia and Haina facilities;
- Partial insourcing of AQUACEL Foam production, reflecting the achievement of critical mass in this product line following launch in 2012; and
- A rationalisation of certain product lines in Ostomy Care and CCC, following a detailed cost/benefit review, with input from a range of stakeholders in the Group, including commercial and sales teams.

Of the 300 basis point net margin impact, approximately 200 basis points are expected to result from the manufacturing footprint optimisation, implementation of LEAN manufacturing processes, AQUACEL Foam insourcing and Ostomy Care and CCC rationalisation. The other approximately 100 basis points are expected to result from sourcing rationalisation.

In the six months to 30 June 2016, targeted savings have been ahead of plan. Key achievements to date include the closure of ConvaTec's operations at its Hospital Care plant in Mexico in May 2016 and the Malaysia plant at the end of August 2016, ongoing redevelopment of sites in Slovakia and Haina, training of approximately 1,500 employees across the business in LEAN manufacturing principles, final determination of Ostomy Care and CCC product portfolio changes, achieving one million unit benchmark in the AQUACEL Form insourcing project and sourcing contract negotiations. In addition, the Infusion Devices franchise, which has a separate facility in Reynosa, Mexico, plans to expand and repurpose the Group's Hospital Care plant in Mexico to support its manufacturing operations and its customers. By early 2017, the Group expects to have closed its Greensboro plant and transferred production to its Haina plant, completed LEAN manufacturing deployment, installed automated equipment to standardise the Ostomy Care production platform and completed a rationalisation of suppliers and centralisation of sourcing.

The full impact of savings from the MIP is expected by 2020. The Group expects to remain focused on productivity once the MIP is completed and has identified a range of continuous improvement initiatives that it will seek to implement, including supplier relationship management initiatives, further manufacturing training, further assessment of technology standards, methods and vendors and supply chain optimisation initiatives.

Experienced management team

The Group has an experienced senior management team, with an average of over 20 years of experience in the healthcare industry. Most members of the senior management team have served long tenures at other leading medical companies.

The senior management team is led by Chief Executive Officer Paul Moraviec, who joined ConvaTec in 2009 as President of EMEA and was appointed Chief Executive Officer in December 2014. Mr Moraviec has previously held international leadership roles with Johnson & Johnson, Abbott Laboratories and Bausch and Lomb.

The Group's CFO, Nigel Clerkin, joined ConvaTec in July 2014. Mr Clerkin was previously CFO of Elan Corporation, a pharmaceutical company, which he joined in 1998 and where he held a series of roles in strategic planning and finance.

The team has been reinvigorated and strengthened in recent years, with a number of hires in key areas to execute on the Group's refocused strategy and drive growth in the business.

Strategy

ConvaTec's strategic focus has evolved since the Group was separated from Bristol-Myers Squibb in 2008. Initially, the Group focussed on successfully executing the carve-out of the business, including the build-out of key infrastructure and systems, as well as the successful integration of Unomedical. The business then began a transition period, during which product development was refocused, costs reduced and geographic reach expanded. Over the past two years, the Group has set in place a clear strategy supported by a strengthened management team and investment in commercial capabilities and innovation, which is described in further detail below.

Launching new innovative products

ConvaTec has a long and successful track record of commercialising new technologies, including ground-breaking platforms such as AQUACEL dressing with Hydrofiber Technology, AQUACEL Ag+ products designed to address chronic wounds (with a particular focus on combating the negative effects of biofilm on such wounds), Moldable Technology in the ostomy range, the Flexi-Seal Fecal Management System and GentleCath intermittent catheters. In Infusion Devices, the Group launched the first infusion set with a built-in insertion device for painless insertions in 2005 and is now planning to launch a next-generation all-in-one infusion set with a hidden needle, with more insertion and infusion sets for new insulin delivery technologies under development. Continued innovation is central to the Group's strategy. Following the Group's successful entry into the foam sub-segment in 2012, ConvaTec intends to further leverage the AQUACEL brand and technology and continue to grow its market share through the launch of additional AQUACEL Foam product lines, such as Foam Pro for wound prevention and Foam Lite for less serious wounds. In June 2016, the Group also launched Avelle in the disposable NPWT segment, marking the Group's entry into this fast-growing segment of the Advanced Wound Care Market.

The Group currently has a significant pipeline of new products, currently with 13 products at the concept phase, 24 products at the development phase and 13 products at or nearing the launch phase. In the short to medium term, planned key new product releases include further NPWT launches within Advanced Wound Care; a new catheter technology within CCC; and a soft convex range in Ostomy Care.

Entering new large markets

ConvaTec continuously monitors market trends and customer needs to evaluate where it can leverage its existing capabilities, technologies and commercial platforms, and in particular, where it can use these to enter new addressable market segments and geographic regions. While most products have global application, the Group does not supply its full product offering in all of its main geographic markets. In some markets there are intellectual property constraints, some of which are expected to fall away in the near term. In addition, the Group often takes a staggered approach in relation to launching new product lines and extensions into existing geographies, as it evaluates market trends and the uptake of new products.

Following the success of the GentleCath intermittent catheter in the US market, the Group has closely evaluated the opportunity to expand this product into the European market. The European market for intermittent catheters is significant, and the Group has the opportunity to leverage its extensive existing European sales and support infrastructure. The Group anticipates that successful entry into the European intermittent catheter market will require a broader range of catheter products than the Group currently offers in the United States, including higher specification products. The Group is currently developing this product range. ConvaTec is also continuing its ongoing catheter innovation through consumer product design and infection prevention benefits.

In June 2016 the Group launched an NPWT product in Europe called Avelle, starting in the United Kingdom and following the same strategy utilised during its successful entry into the foam sub-segment. The Group closely evaluated the NPWT market and established an entry strategy focussed initially on the relatively new, but fast growing, disposable NPWT segment, established by PICO, a Smith & Nephew brand. The Group is planning further differentiated launches in the NPWT segment. Avelle delivers value for the Group's customers with longer usage (up to 30 days) than the primary competitor's product currently on the market (up to seven days).

The Group will continue examining other market opportunities to follow similar growth strategies, which it may pursue either organically or through bolt-on acquisitions.

Investing in Direct-to-Consumer

During the last 24 months, the Group has returned the Ostomy Care franchise to growth on a constant currency basis through a refocused strategy. Core to this strategy is a direct and deeper engagement with the patient.

Direct-to-consumer platforms are becoming increasingly relevant in the Group's markets, reflecting that consumers are more connected and willing to share personal data, technology advancements which have influenced usage of digital tools, and an overall shift in healthcare from acute to post-acute.

To this end, the Group has recently launched a direct-to-consumer platform called me+, which focuses on supporting patients and expanding the Group's customer relationships with patients living with their ostomies. Enrolment in the programme provides access to specialist nurse support and other resources, such as an inspirational community platform. The programme is designed to be a key element of the overall product proposition for the Group's Ostomy Care customers and caregivers, and has a number of differentiating features from similar programmes offered by the Group's major competitors. The programme also provides education for healthcare professionals to ensure patients are provided with the best products to meet their needs.

The me+ programme was launched in the United States in late 2015 and is now in the process of rolling out globally. The Group believes the programme will not only aid new patient capture in Ostomy Care, but will also reduce patient switching by providing patients with educational resources to ensure they are informed regarding the best products as their individual needs evolve.

Following the successful establishment of the me+ programme for Ostomy Care, the Group intends to examine the best way to leverage this direct-to-consumer approach for the support of patients and customers across the Group's other franchises and regions. In particular, the Group is developing a version of me+ that will be partnered with new products for its expansion into the global intermittent catheter market.

In addition, the Group operates 180 Medical, which is a nationally accredited direct-to-consumer provider of sterile-use catheters, as well as other disposable medical supplies, and is the largest medical equipment distributor of intermittent catheters in the United States. 180 Medical's differentiated service offering to patients has been a key driver of growth, with the Company rating very highly in relation to customer focus and satisfaction. The Group intends to continue to grow 180 Medical in the United States and build on this expertise in other markets. 180 Medical distributes products manufactured by C.R. Bard, LoFric, Rusch, Rochester, Coloplast, MTG, Cure Medical, Hi-Slip, and Hollister directly to end-user patients. As the Group's addressable markets in the United States increasingly shift focus from sales to hospitals to sales to end-user patients, the Group is investing in its retailer network.

Strategic Acquisitions

The Group takes a disciplined and strategic approach to managing acquisitions, continuing to actively consider acquisitions of, or investments in, complementary businesses or product lines that could enhance the Group's business and product portfolio. The Group does not anticipate or have any plans for transformational acquisitions in the near term.

The Group has demonstrated a track record of identifying, implementing and integrating both large and small acquisitions and delivering significant value uplift through improving the acquired operations. A good example of this is the fourth quarter 2012 acquisition of 180 Medical, which has been instrumental in the Group's market entry into the United States intermittent catheter market. The Directors believe that there remain further attractive acquisition opportunities that would meet the Group's acquisition or investment strategy in the future.

Market Franchises and Products

Advanced Wound Care

Overview and key products

The Group has a leading Advanced Wound Care franchise, which accounted for 32.5 per cent. of revenue in 2015. The franchise provides advanced wound dressings and skin care products, which are used for the management of acute and 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.

The Group markets a comprehensive portfolio of advanced wound dressings, including antimicrobial products and foam dressings, both of which are used by healthcare professionals treating chronic wounds associated with ageing populations, such as pressure ulcers, venous leg ulcers and diabetic foot ulcers. The Group has also successfully expanded its offerings in the acute wound area, where the potential for infection is a clinical and institutional concern, for instance with partial-thickness burns and surgical-site incisions.

In 2015, the Group derived slightly more than half of its Advanced Wound Care revenue from foam and silver, with the remainder from other Advanced Wound Care offerings.

Key products include the AQUACEL line of advanced dressings, which features the Group's proprietary Hydrofiber Technology. These dressings provide a wound contact layer that transforms into a gel on contact with wound fluid, absorbing and retaining excess exudate (a fluid emitted at the site of a wound) to help capture bacteria and create an optimal healing environment. The gel contours to the wound bed to help minimise dead space where bacteria can grow.

In addition to the base AQUACEL formulation, the Group has expanded its Hydrofiber Technology across a range of wound care products. For instance, the Group currently offers AQUACEL Ag, which contains bacteria-killing silver to combat biofilms that form on wounds and are extremely difficult to remove. Biofilms are a key cause of delayed wound healing and are highly resistant to antibiotics, antiseptics and immune responses. The Group also currently offers a range of AQUACEL Foam products, which combine the benefits of foam and the Hydrofiber Technology and AQUACEL SURGICAL Cover Dressing, which combines hydrocolloid and Hydrofiber Technology. The Group is targeting an expansion of its presence in the foam sub-segment by entering the US pressure ulcer prevention market with AQUACEL Foam Pro and expanding its presence in the superficial wound management segment with AQUACEL Foam Lite.

The Group has also launched AQUACEL Ag+, designed to address the microbial biofilms (which account for around 80 per cent. of microbial infections) that are believed to exist in the majority of chronic wounds, making it difficult to effectively treat the wound. For instance, a recently published clinical study showed that AQUACEL Ag+ improved healing of static wounds with 34 per cent. of wounds healed in seven weeks and 90 per cent. reduced in size. The Group is targeting an expansion of its AQUACEL Ag+ line into new surgical indications, as well as redefining expectations within the silver sub-segment through its unique anti-biofilm technology.

In June 2016, the Group introduced Avelle, a disposable NPWT device integrating AQUACEL Hydrofiber Technology. NPWT, which works by creating a vacuum around the wound, is designed for patients suffering from traumatic, surgical or chronic wounds, such as large open wounds, surgical incisions and diabetic foot ulcers. The Group believes that Avelle offers an attractive proposition to health care providers, with increased portability and longevity (Avelle is designed for up to 30 days' usage compared to the disposable products currently on the market, which are designed for up to seven days' usage) and requires less patient support and a more straightforward hospital-to-home transition compared to more traditional NPWT solutions. The Group is planning further differentiated launches in the NPWT market in the near-term.

Additional products offered by the Group's Advanced Wound Care franchise include the market leading DuoDERM family of hydrocolloid wound dressings and the Aloe Vesta and Sensi-Care protective skin ointments and skin care products designed for patients with exposed or fragile skin at the risk of breakdown.

Including the Avelle launch, the pipeline of the Advanced Wound Care franchise includes five products in the concept phase, seven products in the development phase and three products at or nearing the launch phase. Of these 15 products, ten are line extensions of existing products and five are new product lines.

Sales and marketing

Advanced Wound Care customers predominantly consist of large purchasers, primarily wound care clinics, multiple departments within hospitals and long-term care settings.

Historically, in most of the countries where it sells Advanced Wound Care products, the Group's sales and marketing efforts in the franchise have primarily focused on specialist wound nurses, who make the decisions about which products to use on individual patients, and focused on chronic wounds, which are typically more complex and difficult to manage than acute wounds. More recently, the Group has also targeted the physician population and acute care facilities, where surgical sites, burns and complex acute wounds present a high-value market opportunity. By focusing its marketing efforts on specialist nurses and

physicians, ConvaTec aims to leverage familiarity with and popularity of the Group's products within the primary care community to support demand among the clinics, hospitals, care facilities and large organisations that make purchasing decisions. The Group's sales representatives do not typically target individual physician offices.

In the United States, the Group has established a corporate accounts function to develop and maintain relationships with GPOs and integrated delivery networks ("IDNs"), which are prevalent in the US market as many of the Group's customers undertake collective efforts to contain costs. A key part of the strategy when marketing to these customers is to assist hospital executives to avoid paying penalties under Medicare, including penalties associated with patient re-admittance to hospitals for the same diagnosis or preventable infections.

Strategy

The Group has a clear strategy for the Advanced Wound Care franchise, centred on three key pillars: expanding the core wound segments, accelerating foam and entering the NPWT segment.

To expand the core wound segments, the Group is seeking to redefine expectations for silver dressings and take market share with the unique anti-biofilm AQUACEL Ag+ technology. The Group will also continue to innovate and expand its other product ranges into new indications (for example, with silverised Hydrofiber into surgical) and expand its skin care range (for example, into incontinence and antimicrobial wipes).

The Group's entry into the Foam segment, which commenced in 2012, has been highly successful. To continue to accelerate this growth, the Group is in the process of launching a number of new product lines to address additional indications within the Foam segment.

The Group is in the process of entering the significant NPWT segment of the Advanced Wound Care market through its differentiated Avelle offering, which has been initially launched in the United Kingdom in June 2016. Avelle will compete in the fast-growing disposables sub-segment of the NPWT market, and the Group believes it will be clearly differentiated due to its combination with Hydrofiber, superior exudate management and longer usage time of 30 days.

Competitors

The Group's Advanced Wound Care market franchise competes globally with Mölnlycke, Smith & Nephew and Coloplast. It also competes with other local medical products companies offering wound care products, such as Medline in the United States and Urgo. For more detail, see "*Advanced Wound Care—Competitive Landscape*" in Part 5 (Industry Overview).

Ostomy Care

Overview and key products

The Group's Ostomy Care franchise, which accounted for 31 per cent. of revenue in 2015, includes devices, accessories and services for individuals with a stoma (a surgically-created opening where bodily waste is discharged) commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes.

For more than 35 years, ConvaTec has developed products, accessories and services designed to dramatically improve life with an ostomy. The Group has launched a number of new products recently and markets a comprehensive product portfolio of one- and two-piece ostomy systems and accessories to address a full range of customer needs and preferences. Key brands include the advanced pouch ranges of Esteem+ (one piece) and Natura+ (two piece), each of which feature leading skin-friendly and clinically-proven adhesive technologies (Stomahesive, Durahesive and ConvaTec Moldable Technology). The Group's management estimates that up to 60 per cent. of ostomy patients suffer from leakage, so the adhesive is a critical aspect of the product's efficacy as it reduces leakage and avoids skin irritation.

The Group's ostomy care systems are available with a variety of closure and drainage options, deodorising filters and pouch materials. A line of accessory products complements the Group's pouch systems and offers the opportunity to increase per-customer revenue, as well as developing and maintaining brand loyalty. Key accessory products include Stomahesive paste and powder, Sensi-Care sting free skin care, Diamonds gelling sachets and the Ostomysecrets clothing line.

The pipeline of the Ostomy Care franchise includes five products in the concept phase, six products in the development phase and five products at or nearing the launch phase. Of these 16 products, seven are line extensions of existing products and nine are new product lines.

The Group publishes literature and online resources to provide facts, photographs and details of what to expect before and after surgery, in recovery and at home. It also provides customer call centres made up of wound, ostomy and continence nurses and product specialists to provide support and answers on how to make living with an ostomy easier. In late 2015, the Group launched a new direct-to-consumer service programme called me+, which focuses on supporting patients and expanding the Group's customer relationships with patients living with their ostomies.

Sales and marketing

Ostomy Care's consumers consist of approximately three million people who in general are receiving ostomy care supplies from medical equipment distributors or directly from public healthcare providers. The Ostomy Care franchise seeks to attract patients at the outset of their ostomy experience and to maintain that relationship for as long as the ostomy is in place, which for permanent ostomies is typically ten to 15 years.

In the hospital, ostomy patients typically receive evaluation starter kits containing accessories vital to the routine use of ostomy products as well as an application video. The kits also enable the Group to help form a long-term relationship with the patient. The Group's ostomy sales force focuses their efforts on the post-surgical period while the patient is still in, or recently released from, the hospital, since it is critical to capture new patients at this stage. The Group's management estimates that up to 40 per cent. of ostomy patients switch products in the first 12 months following surgery. Once patients gain comfort with their ostomy systems, it becomes increasingly difficult to encourage switching to a new ostomy system. In order to gain new ostomy patients during their initial stay in the hospital, the sales force focuses on the hospital-based decision makers (generally, the ostomy and continence nurses and enterostomal therapy nurses). As in the Advanced Wound Care market franchise, the Group also uses its corporate accounts function to market to GPOs and IDNs in the United States.

After gaining a new patient, the marketing focus shifts from patient support to consumer retention for the duration of the ostomy (in cases of a temporary ostomy) or for the life of the consumer (in cases of a permanent ostomy). The Group has implemented various programmes to maintain consumer loyalty through superior support and service, including comprehensive web-based educational resources for consumers on the Group's websites and through patient journals and call centre services, including the new me+ programme. The Group strives to maintain brand loyalty from consumers through product upgrades, accessory products, customer service and trouble-shooting via the customer call centres, as well as direct mailing campaigns and other communications.

The Group also utilises global medical symposia to communicate new technologies and advancements to caregivers and consumers, and has a significant presence at relevant conferences. Additionally, the Group has joined with the Crohn's and Colitis Foundation of America to implement the Great Comebacks Awards Program to inspire and to provide a community for patients living with inflammatory bowel disease, colorectal cancer or an ostomy.

Addressing historical mis-steps

The Group has implemented a number of strategic changes in the Ostomy Care franchise over the last 12 to 24 months that have returned the franchise to growth in the second half of 2015. In 2014, the Group's new senior management team conducted a thorough diagnostic on the performance of the Ostomy Care franchise; this identified four key areas where the Group needed to focus its strategy to drive performance.

In the United States, management identified that there had been an inadequate focus on retail distribution, some aggressive historical pricing initiatives with retail distributors and the Group had lacked a direct-to-consumer engagement programme to drive patient loyalty and conversions. Management has implemented corrective measures to address all these factors, including the launch of the new me+ consumer engagement programme, as described elsewhere in this Prospectus.

The Group also identified a lack of focussed investment in its Ostomy Care salesforce, which was benchmarked as being sub-scale in a number of markets, including the United States. Management have addressed this by expanding dedicated Ostomy Care sales teams in a number of markets, including

increasing the US salesforce by approximately 40 per cent. and the German direct sales force by 58 per cent.

In Europe, management identified a lack of relationships with the German Home Care companies and a below-market representation in UK ostomy nurse sponsorships. Sponsorships are a common practice in the United Kingdom where, through a tender process, manufacturers win the right to sponsor stoma care nurses in select hospitals, which entails paying the nurses' salaries and certain other expenses (the nurses remain bound by a code of conduct to remain neutral with their advice and treatment). The Group has subsequently upgraded its sponsorship team in the United Kingdom and has been making progress increasing the number of sponsorships it holds. The Group has also agreed a strategic partnership with a large home care company in Germany.

Finally, the Group identified its product portfolio to have a number of gaps historically versus competitors. The Group is completing the final launches in 2016 of what has been a significant programme of product launches between 2013 and 2016 to address this issue. The Group believes it now has a complete and competitive portfolio offering in place.

With these corrective measures, the Ostomy Care franchise has returned to growth, delivering an increase in constant currency revenue of 1.3 per cent. in 2015 and 1.7 per cent. in the first half of 2016, as these actions began to gain traction.

Strategy

Looking forward, ConvaTec has a clear strategy to continue to accelerate the growth of the Ostomy Care franchise through: increasing share of voice and clinical value, driving consumer loyalty and conversion, as well as pursuing product launch excellence and fulfilment.

The Group's nurse engagement and retail strategy is designed to build relationships with nurses, including through investment in nurse training to support new patient capture and increase familiarity with the Group's products. The Group is also focussed on driving penetration and conversion within large accounts and continuing to enhance sales force performance.

ConvaTec's me+ direct-to-consumer engagement programme is a key strategy of the Group moving forward. ConvaTec expects to use this programme to engage directly and frequently with consumers through multiple channels, which will ultimately drive online engagement, patient retention, and conversion opportunities. The me+ programme in the United States has enjoyed considerable growth in membership since launch.

ConvaTec will also continue to optimise its Ostomy Care product portfolio. With the historical gaps in the portfolio now filled, the Group intends to drive innovation, particularly in consumer-led design. ConvaTec also intends to expand further its accessory portfolio to take advantage of this growing sub-segment where it is underrepresented.

Competitors

The Group is one of three global market leaders in ostomy care, competing with Coloplast and Hollister Incorporated (including Dansac, part of the Hollister group). In addition, the Group competes with smaller regional providers of ostomy and ostomy-related products, including B. Braun in France and Germany, Salts and Welland in the United Kingdom, and Alcare in Japan and China. For more details, see "*Ostomy Care—Competitive Landscape*" in Part 5 (Industry Overview).

Continence & Critical Care

Overview and key products

The CCC franchise comprises the Group's Continence Care, Critical Care and Hospital Care businesses and the Group's 180 Medical platform. The Group's CCC franchise, which accounted for 21 per cent. of revenue in 2015, includes products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other urological disorders. The franchise also includes disposable devices and products used for a range of procedures in intensive care units and hospital settings.

In Continence Care, the Group offers a portfolio of intermittent urinary catheters, which are predominantly used by people who self-catheterise in order to drain urine from the bladder. Key brands include the GentleCath line of intermittent urinary catheters. The 2013 launch of the GentleCath line in

the United States marked the Group's entry into the estimated $1.8 billion global market for intermittent catheters. The Group is currently continuing to further develop the product range and is looking at opportunities to transfer the GentleCath success to global markets.

The Group's Critical Care portfolio includes advanced systems for managing acute fecal incontinence, monitoring urine production output (hourly diuresis) and monitoring intra-abdominal pressure. Key products in this range include Flexi-Seal Fecal Management Systems, UnoMeter hourly diuresis management systems and AbViser and Abdo-Pressure intra-abdominal pressure measurement devices. Flexi-Seal has been the subject of a number of clinical papers demonstrating its effective prevention of the dissemination of *Clostridium difficile*, thereby reducing fecal management costs in hospitals.

The Group's Hospital Care portfolio provides a wide range of high-quality disposable medical devices for use in a variety of airway management and urine management care applications, as well as other various therapeutic areas, in high-volume procedures in urology, intensive care, operating rooms and other hospital departments. Products include wound drainage systems; urine collection bags and catheters; airway management and oxygen/aerosol therapy devices; suction handles and tubes; gastroenterology tubes; and securement devices.

In 2015, the Continence Care business represented approximately half of CCC revenue, with hospital and critical care representing the remainder.

The pipeline of the CCC franchise includes one product in the concept phase, seven products in the development phase and four products at or nearing the launch phase. Of these 12 products, six are line extensions of existing products and six are new product lines.

In addition to its ranges of products within the CCC franchise, the Group operates a specialist durable medical equipment retailer in the United States, 180 Medical. 180 Medical is a nationally accredited provider of sterile-use catheters, ostomy and disposable medical supplies and is the largest medical equipment distributor of intermittent catheters in the United States, measured by Medicare reimbursement data. Its sales force of more than 50 employees cover the entire United States. In the first quarter of 2014, 180 Medical acquired Symbius Medical, further strengthening its market position in the United States, which has increased from 17 per cent. in 2012 to 22 per cent. in 2014. 180 Medical distributes products manufactured by C.R. Bard, LoFric, Rusch, Rochester, Coloplast, MTG, Cure Medical, Hi-Slip, and Hollister in addition to the Group directly to end-user patients and bills directly the approximately 1,000 insurance plans (including Medicare and Medicaid) covering the products sold. In 2015, 180 Medical achieved a net promoter score of 85, evidencing its focus on customer service and patient support. The Group plans to leverage the 180 Medical distribution channel to accelerate its new product growth in the United States.

Sales and marketing

The Continence Care business targets patients with a need for intermittent catheter products, which typically include patients with chronic urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other urological disorders. Intermittent catheter users in general receive their supplies from medical equipment distributors or directly from public healthcare providers. The Continence Care business focuses on building customer relationships and direct-to-consumer sales, seeking to attract users at the onset of being prescribed an intermittent catheter and then works to maintain that relationship for as long as the patient is supported by a catheter. Most catheter users utilise two to four catheters per day and may continue catheterising for at least several years, if not the remainder of their lives, depending on the type of urological disorder.

The Group's 180 Medical platform identifies and attracts catheter users on urological wards and rehabilitation clinics where they are initially prescribed an intermittent catheter. To support the new patient capture process, the Group has a strong commercial focus on physicians and nurses in these facilities and supports caregivers to ensure the patients' continuity of care when leaving the hospital or clinic. Continuity of care is achieved with optimal product selection, fulfilment of patients' immediate supply needs and an optimal service experience on an ongoing basis. The Group's products are covered by thousands of health plans and insurance companies, including Medicare and most state Medicaid plans in the United States. The Group strives to offer the best customer service in the market and has implemented various programmes to maintain customer loyalty, including comprehensive web-based educational resources for consumers on the Group's websites, viral marketing blogs and call centre services.

The Critical Care business is targeted at ICUs, with the Group's leading Flexi-Seal Fecal Management Systems providing a key competitive advantage. The Group's primary customers in the AFI sub-group of the Critical Care business are acute care hospitals. Other brands—including UnoMeter and Abviser—also target the ICU call point and enable the Group to leverage its broader sales and marketing efforts to ICUs.

The Group's broad Hospital Care product portfolio enables it to have a strong position with hospital purchasers and material managers. For direct sales, the Group focuses on creating and maintaining strong relationships with customers and key healthcare decision makers. For distributor sales the Group targets independent distributors with similar call point focus for regions without critical sales mass. The Group's primary customers in the Hospital Care sub-group of the CCC market franchise are acute care hospitals, in particular, operating rooms and intensive care departments.

Strategy

ConvaTec's focus in the CCC franchise is primarily to drive growth in the attractive continence care segment through three key strategic pillars, namely: innovating and expanding the GentleCath portfolio to cover a wider range of needs, leveraging the reach of 180 Medical to accelerate adoption of new ConvaTec products in the United States and transferring GentleCath's success to global markets. In addition, ConvaTec also has a clear strategy for the Hospital and Critical Care sub-segment.

The Group is seeking to drive strong growth in GentleCath sales through further innovation. Examples of innovation that ConvaTec is developing include continued product enhancements, the launch of a cost-effective hydrophilic product (GentleCath Glide), improved consumer product design and infection prevention benefits.

ConvaTec is also seeking to leverage its 180 Medical platform to drive new product adoption in the United States. This strategy will be enabled by expanding the sales force and insurance plan coverage, investing in differentiated service offerings to further strengthen relationships with consumers and healthcare professionals, and leveraging the existing customer database to launch new products.

In addition, the Group is seeking to transfer the success of its GentleCath product to global markets. ConvaTec is developing a differentiated offering to compete effectively, coupled with an expanded service offering utilising the me+ platform. In its Hospital and Critical Care sub-segment, ConvaTec's strategy is to continue to launch product enhancements for its Flexi-Seal product to retain its price premium and grow share.

Competitors

The Group holds market-leading positions globally in fecal management and strong positions in the markets in which it operates in urine monitoring. Its primary competitors in Critical Care and Hospital Care include C.R. Bard, Covidien (now part of Medtronic), Hollister and Teleflex. In Continence Care, the Group's primary competitors include Coloplast, Wellspect, Hollister and C.R. Bard. For more detail, see "*Continence & Critical Care—Competitive Landscape*" in Part 5 (Industry Overview).

Infusion Devices

Overview and key products

The Group's Infusion Devices franchise, which accounted for 15 per cent. of revenue in 2015, provides disposable infusion sets to manufacturers of insulin pumps for diabetes and similar pumps used in continuous infusion treatments for other conditions. The Group supplies infusion sets to a number of manufacturers, including Medtronic, Animas (Johnson & Johnson), Roche Diabetes and Tandem Diabetes. The franchise also supplies a range of products directly to hospitals and the home healthcare sector.

An insulin pump is an external computer-controlled device allowing diabetes patients to get continuous delivery of insulin to the body. Infusion sets are the disposable parts connected to the pump via tubing and injected into the patient's body, allowing the insulin to be delivered subcutaneously (under the skin). Insulin pumps are a well-established and recognised technology for treatment of many Type 1 and severe Type 2 diabetes patients. In addition to insulin pump therapy for diabetes, the Group also works with pharmaceutical companies and other partners on infusion sets for continuous subcutaneous drug delivery for other diseases, including apomorphine for Parkinson's disease, immunoglobulins for primary immunodeficiencies and thalassaemia and morphine for palliative pain management. Part of the

franchise's strategy is to expand its product offering both within the diabetes market and within other infusion set markets.

The Group is currently planning to launch a next-generation infusion set that has one-touch fully-automatic insertion and needle retraction capabilities. The pipeline of the Infusion Devices franchise includes two products in the concept phase, four products in the development phase and one product at the launch phase. Of these seven products, four are line extensions of existing products and three are new product lines.

The franchise's portfolio also includes a broad variety of products for hospital and home healthcare that the Group sells directly to large customers. The Group uses its global manufacturing capabilities and supply chain economies of scale to provide its customers with high-volume, high-quality products, including diethylhexyl phthalate- and PVC-free materials and newly developed multi-layer polyolefin materials.

Sales and marketing

The Infusion Devices franchise has a concentrated customer base, primarily consisting of insulin pump manufacturers, with a substantial portion of franchise sales in 2015 attributable to four of the leading global insulin pump manufacturers, who collectively represented 85 per cent. of the global insulin pump market in 2015. The franchise has long standing customer relationships with these manufacturers, and contracts with a long duration and in some cases agreed minimum purchase requirements.

The Group's sales force manages the relationships with these four leading global insulin pump manufacturers and other smaller customers. The Group treats these relationships as strategic partnerships involving joint product development and specialised manufacturing capabilities. Furthermore, the Group believes that as a result of its unique technology and product innovation capabilities, high relative margin on reselling infusion sets and difficulty in mass producing millions of infusion sets in delicate micro tolerance processes, pump manufacturers are highly incentivised to buy them at a competitive cost from an efficient and reliable supplier, rather than try to develop production capabilities. As a result of the franchise's strong relationships with these four key customers, all contracts have recently been extended.

A minority of the franchise's revenue is derived from business-to-business urology product sales. The Group's business-to-business sales, which in 2015 amounted to $37.7 million, are based on a small number of long-term customer relationships with customers such as Wellspect and Coloplast, for which the supply agreements are long-term, as well as by the Group's Papyrotex business.

Strategy

The Group is seeking to accelerate Infusion Devices growth in existing and new markets by leveraging ConvaTec technologies. To achieve this growth, the Group has three key strategies, namely: securing long-term business, remaining the "go-to" manufacturer and developing new products.

As a key partner for many of the leading insulin pump manufacturers, securing long-term business is a consistent strategic focus within the Infusion Devices franchise. The franchise seeks to achieve this through strong lifecycle management with a focus on improving consumer convenience. An example of this is the next-generation infusion set with one-touch fully-automatic insertion and needle retraction capabilities to improve safety and convenience

In addition, the Group seeks to be the supplier of choice to new entrants in to the segment, by being the "go-to" manufacturer of infusion sets. The Group's significant market share and associated economies of scale, intellectual property and technological know-how are the key enablers of this strategy.

Competitors

The Group is the global leader in disposable infusion sets used for insulin pump therapy. Its primary competitors include original equipment manufacturers manufacturing infusion sets themselves as well as a variety of specialised manufacturers. For more detail, see "*Infusion Devices—Competitive Landscape*" in Part 5 (Industry Overview).

Research and Development

ConvaTec's Research & Development ("R&D") department works to develop and deliver innovative and advanced technologies that meet the most important needs of patients and to help clinicians advance their medical practice in caring for patients. The Group is continually focused on technology leadership for

chronic clinical issues by maximising the applications of its existing product portfolio and developing the next-generation of technologies for each of its business areas. The Group also considers the manufacturing process whilst developing its products in order to achieve robust margins.

The Group believes that its R&D platform is underpinned by four core competencies: skin and tissue healing and protection; infection detection and prevention; adhesives; and advanced mechanical designs. The Group's market franchises share know-how, best practices and technology in order to maximise synergies and leverage these competencies to drive innovation across the Group's four market franchises. For example, the Group's adhesive technologies are used in many products across all franchise platforms and infection prevention is a feature of a number of the Group's products. The Group's GentleCath range also leverages multiple competencies, as the catheters are designed to reduce both insertion-related traumas and reduce the risk of infection.

The majority of the Group's product development is conducted internally at its R&D centres in Wales, Denmark, Slovakia and Belarus. These centres have developed a strong reputation among key opinion leaders and are considered among the leading research centres within their respective fields, especially in the four core competencies discussed above.

Examples of the Group's recent developments include AQUACEL Ag+ technology to combat microbial biofilms in wounds, the expansion of the GentleCath range of intermittent catheters for self-catheterisation and the Esteem One-Piece Ostomy Pouch with Moldable Technology, as well as the Avelle NPWT system with Hydrofiber Technology.

The Group has a development pipeline of proprietary technologies and products spanning across its business areas and comprising projects at each stage of development, currently including 13 products at the concept phase, 24 products at the development phase and 13 products at or nearing the launch phase.

The Group's investment expense in R&D during the six months ended 30 June 2016 and 2015 was $19.7 million (2.4 per cent. of revenue for the period) and $20.2 million (2.5 per cent. of revenue for the period), respectively. For the year ended 31 December 2015, the Group's investment expense in R&D was $40.3 million, or 2.4 per cent. of revenue for the period. As of 30 June 2016, approximately 300 employees were involved in the Group's R&D efforts.

Intellectual Property

The Group holds an extensive portfolio of patents and trademarks across its key market franchises and geographies, with over 230 active patent families and more than 2,000 patents and patent applications (on a provisional and non-provisional basis) globally. The Group continually works to establish and maintain its rights and to assess and mitigate risks with respect to intellectual property.

Patents and patent applications are filed and maintained in those countries in which the Group has, or desires to have, a strong business presence. The Group regularly monitors its competitors' product development for potential infringement of the Group's patents and seeks to vigorously defend its position when infringing uses are identified. In order to better manage its intellectual property portfolio centrally, the Group has recently appointed a vice president and global head of intellectual property, and it retains experienced patent counsel in key jurisdictions, including the United States, the EU and Japan. The Group undertakes a range of measures to manage risks related to its intellectual property, including risks of its own products being found to infringe the intellectual property rights of others, such as patent surveys.

The majority of the Group's patents are related to key technologies, compositions, processes or product features. The Group's core Hydrofiber Technology, catheter technology, Moldable Technology for use in its ostomy products, infusion device technologies, and NPWT technologies are all protected by patents (or patent applications), generally expiring in the late 2020s and 2030s (although 2017 in respect of a packaging patent used in the GentleCath line and 2019 in respect of certain Moldable Technology patents). When patents have expired, the Group has historically been successful in bringing new commercially viable patentable features to market, effectively replacing the Group's older product offering (including for example the successful migration from AQUACEL to AQUACEL Extra, AQUACEL Ag and AQUACEL Ag+). The Group's preference is to wholly own its intellectual property, although from time to time it relies on jointly owned intellectual property pursuant to agreements with joint owner(s).

In addition to patent protection, the Group relies on trade secrets and manufacturing know-how (in particular with respect to the Group's products incorporating Hydrofiber, which depends on complex manufacturing and chemical processes to produce) to protect the competitive position of its products. The

Group's employees have confidentiality clauses in their employment agreements protecting the Group's confidential information and trade secrets, and certain employees are subject to contractual non-compete requirements.

Group Sales and Marketing

The Group's sales and marketing function is organised on a regional basis among the Americas, EMEA and APAC with the sales function managed locally by country managers. Customer interaction is tailored to the needs of the particular franchise (e.g., hospitals (and their staff), GPOs, and IDNs for Advanced Wound Care, Ostomy Care and CCC; insulin pump manufacturers for Infusion Devices).

In the Group's larger markets with limited customer overlap between franchises (for example, the United Kingdom, France and Germany) the Group operates with dedicated sales teams for each franchise. Conversely, in the Group's smaller markets with significant overlap of customers (for example, Italy, Spain and much of the APAC region), the Group promotes its products through sales teams that operate across the franchises.

The Group's selling efforts are complemented by strategic functional support, materials and programmes, and its education and customer engagement efforts include medical symposia, advisory panels and the development of protocols of care, which help support demand for the Group's products among nurses, surgeons and physicians. Having global brand platforms and campaigns ensures consistent messaging across the Group's geographic markets.

Distribution Channels

The Group operates in a diverse range of countries and markets, and it employs a variety of channel strategies to meet the needs of each market where it operates. The Group has identified a number of key routes to market, discussed below, that are present in most of these markets and represent the core of the Group's strategy for each of its franchises across these geographies.

Hospital channels

The Group's Ostomy Care, Advanced Wound Care and CCC products are sold or distributed in hospitals, where the choice for most products is often made by a specialist nurse or doctor. As a result, the Group concentrates much of its sales and marketing activities on supporting those specialist nurses and doctors, with field sales teams visiting them directly in the hospital setting, as well as through call centres and clinical resources, as required. Sales are often made through a distributor. The Group's marketing activities include support across a broad spectrum of activities, from routine to specialist training and patient support, for example addressing when patients transition from the hospital to their home environment.

In the United States, GPOs are a significant route of access to the acute care segment. The Group has contracts with many of the largest GPOs across its entire portfolio. Examples of GPOs with which the Group has contracts are Vizient, Premier, Healthtrust and the US Department of Veterans Affairs. These agreements are typically for periods of three years. The Group has recently been awarded new agreements with Premier for both bowel management and enterostomal therapy.

Distributors and wholesalers

In the United States, Japan and most of Europe and the rest of the world, the Group sells its Ostomy Care, Advanced Wound Care and CCC products to hospitals and other acute and post-acute healthcare service providers (including long-term care facilities, home healthcare providers and wound clinics) through distributors and wholesalers. Across its operations, the Group employs a network of external distributors operating in more than 80 markets. In many of these markets, the Group works closely with distribution partners who manage the entire distribution process including ordering, warehousing, billing and delivery. The Group has contractual ties with its distributors and wholesalers through volume agreements, tender awards, service level agreements and/or purchase orders. The Group may limit the number of wholesale distributors in a particular market in order to maximise efficiency, and these distributors are subject to geographic restrictions.

In markets where there is no ConvaTec subsidiary, the Group utilises third-party distributors, which purchase directly from the Group's EMEA service hub based in Switzerland. Distributors are evaluated for their compliance with the Group's quality standards and their ability to sell and distribute medical products

in their respective territories. The Group's distributors are subject to the Group's compliance policies through covenants in the distribution agreements, and the Group has the ability to monitor compliance with such policies through audit rights. Distribution agreements are generally one to five years in duration, and all distributors must confirm their compliance with relevant legislation upon renewal. The Group generally does not enter into exclusive distribution agreements, although some legacy agreements exist that have exclusivity clauses.

Homecare agencies, bandagists and pharmacists

In many markets, once patients and consumers leave the hospital, they obtain medical device products directly through homecare agencies, bandagists or pharmacies. Depending on the market, the Group either sells to homecare agencies, bandagists and pharmacists directly or through distributors. These organisations will typically also offer patients and consumers related services, such as home delivery of medical devices and employing nurses to support and look after patients at their home. This support is often not restricted to the supply and use of the product, but also extends to all matters of disease management and lifestyle advice.

Direct-to-consumer

As part of the Group's strategy to support patients and consumers, the Group has invested in and established a number of direct-to-consumer channels in various markets to best meet the needs of patients and consumers in those markets.

In the United States, the Group's 180 Medical subsidiary distributes sterile use catheters and ostomy and disposable medical supplies, including products produced by the Group and other suppliers. In the United Kingdom, home delivery is available for ostomy supplies through AmCare, a Group subsidiary that employs customer service representatives and nurses to support patients in the usage of the products.

In a number of markets in both Central and Eastern Europe, Latin America and part of Asia, the Group has invested in and established direct-to-consumer relationships through its ownership of shops and clinics that sell directly to patients and consumers. In Europe and North America, the Group has also established digital direct-to-consumer sales platforms, including its ostomysecrets.com online platform, which sells clothing and other accessories to support consumers and address the daily needs of living with their chronic conditions.

The key objective of the Group's direct-to-consumer activities, whether digital or otherwise, is to provide support to the Group's patients and consumers in ways that enhance their quality of life, such as through the me+ programme, which focuses on supporting patients and expanding the Group's customer relationships with patients living with their ostomies.

Manufacturing

The Group's global network of manufacturing sites provides significant operational flexibility and the ability to drive continuous improvements in productivity and overall profitability. The Group's core manufacturing capability is benchmarked against global best practices, in compliance with applicable local regulatory requirements and is ISO 13485 accredited. The Group's own manufacturing capacity is supported by third-party contract manufacturers and linked to a reliable supply chain and broad distribution network. Each external third-party manufacturer is subjected to regulatory qualification, where necessary, and initial and recurring site inspections and audits by the Group and others. The overall supply chain configuration enables the Group to meet the production expectations of its customers while maintaining a high level of product quality, preserving operational flexibility and improving productivity and overall profitability. The Group regularly performs ''make or buy'' evaluations (being whether to manufacture a product or outsource the manufacturing to a third-party) for each of its products with a view to optimising internal manufacturing capacity, capital expenditure requirements, long term running costs and quality assurance.

The Group's manufacturing network currently includes nine sites in seven countries, many of which are in relatively low cost labour markets. In 2017, as a result of the MIP, the Group's manufacturing network will

be consolidated to eight sites in six countries, as further detailed below. The following table sets forth each of the manufacturing sites currently in operation.

Location	Specialisation
Deeside (Wales, United Kingdom)	Advanced Wound Care
Greensboro (North Carolina, United States)	Advanced Wound Care, Ostomy Care
Haina (Dominican Republic)	Advanced Wound Care, Ostomy Care
Herlev (Denmark)	Extruded films
Michalovce (Slovakia)	Ostomy Care, CCC
Minsk (Belarus)	CCC
Osted (Denmark)	Infusion sets
Reynosa ID (Mexico)	Infusion sets
Rhymney (Wales, United Kingdom)	Hydrofiber tow

The Group's manufacturing and supply chain strategy is focused on aligning manufacturing locations with its franchises, as is shown in the Specialisation column of the preceding table. In addition, the Group focuses on product lifecycle management. A product's maturity has a significant role in determining where it is manufactured. For instance, new products are primarily launched through the Group's technology centres, while mature products are typically produced at low-cost manufacturing centres or by external manufacturing partners. All products are delivered to hub third-party logistics distribution centres based on a continuous replenishment model, with dynamic inventory monitoring.

In the fourth quarter of 2015, the Group commenced its Margin Improvement Programme to, in part, drive efficiencies in its manufacturing and distribution cost base. As part of the MIP, the Group recently completed a comprehensive evaluation and analysis of its global manufacturing facilities, utilisation and strategy. This resulted in the cessation of current manufacturing operations at the Group's Hospital Care plant in Reynosa, Mexico in May 2016. The Infusion Devices franchise, which has a separate facility in Reynosa, Mexico, plans to expand and repurpose the current Hospital Care plant to support its manufacturing operations and its customers. The Group also ceased its Hospital Care operations in Sangai Petani, Malaysia at the end of August 2016 and plans to cease its manufacturing operations in Greensboro, United States by early 2017. In Malaysia, the Group plans to outsource production. The Group is expanding its capabilities at the Haina, Dominican Republic, Michalovce, Slovakia, Rhymney, United Kingdom and Minsk, Belarus facilities to optimise its supply chain for the Wound, Ostomy, and CCC franchises.

Additionally, as part of the MIP, the Group is implementing LEAN manufacturing processes and workflows across the Group's production facilities. For more detail, see "*Competitive Strengths—Significant Margin Improvement Programme*" in this Part 7 (Business Description).

Distribution centres

The Group currently distributes its products through 30 distribution centres, which are operated by third-party logistics providers. The Group has recently focused on streamlining its global distribution footprint, by closing distribution centres in markets where more than one facility was in operation, as well as consolidating market-specific distribution centres into regional distribution centres. This effort has seen the closure of six distribution centres since 2012, and the Group will continue to seek opportunities to streamline the network to balance service, speed and costs.

Suppliers

The Group relies on around 200 suppliers for the components and materials required for the production of its products, amounting to an annual spend of around $346 million in 2015 (representing suppliers with an annual spend of more than $100,000 only). Out of this total, the Group spent around $282 million with the top 50 suppliers, which represented 80 per cent. of its total spend in 2015. The Group directly manages procurement of all key materials for its market franchises. Wherever possible, the Group attempts to source materials from multiple suppliers. However, some key components and raw materials are from a single source, including certain materials used for AQUACEL. For products that are currently sourced from a single supplier, the Group is actively identifying and qualifying alternative sources. Historically, the Group has not been impacted by major supply disruptions. As part of the MIP, the Group is implementing a structured approach to procurement in order to drive identified sourcing cost savings. By the end of 2017, the Group expects to have completed a rationalisation of suppliers and centralisation of sourcing.

In addition, the Group currently outsources the production of AQUACEL Foam but has commenced insourcing a portion of this production as part of the MIP.

The Group's US specialist durable medical equipment retailer, 180 Medical, supplies products manufactured by C.R. Bard, LoFric, Rusch, Rochester, Coloplast, MTG, Cure Medical, Hi-Slip, and Hollister in addition to the Group. The distribution of Coloplast products, in particular, represented a significant proportion of the sales of 180 Medical in 2015.

Regulation and compliance

The Group's Quality Management System is designed to support all of the requirements of the various regulatory regimes across the full range of jurisdictions where the Group operates and is accredited to an ISO 13485 standard for medical devices and quality management systems. The Group has established processes and procedures to monitor changes in regulatory regimes and implement quickly any required operational changes within the Group's business.

The Group has recently implemented additional policies to prohibit improper payments and has developed enhanced training, compliance programmes and contractual protections to discourage such practices by its employees, distributors and other agents. A significant number of the Group's distributors have been assessed and screened under the new compliance programmes and migrated to new contracts reflecting the Group's updated policies and procedures, which include audit rights for the Group.

For a detailed discussion of the regulatory regimes to which the Group is subject, see Part 6 (Regulatory Overview) in this Prospectus. For information on regulatory proceedings to which the Group has been a party, see paragraph 14 of Part 15 (Additional Information).

Environmental Matters

The Group's facilities and operations are subject to national and local environmental laws and regulations and other requirements, including those regulations governing the generation, use, manufacture, handling, transport, storage, treatment and disposal of, or exposure to, hazardous materials, discharges to air and water, the clean-up of contamination and occupational health and safety matters. The Group periodically audits compliance with environmental laws and regulations and maintains policies requiring its facilities to be in compliance with local regulations and requiring reporting to senior management of any identified areas of non-compliance immediately upon discovery. The Group believes it is in compliance in all material respects with applicable environmental laws and regulations, and it has been recognised for its environmental capabilities in a number of jurisdictions where it operates. Existing environmental protection legislation and regulations, and compliance therewith, have had no material adverse effect on the Group's capital expenditures, earnings or competitive position. Although the Group continues to make capital expenditures for environmental protection, it does not anticipate any significant expenditures in order to comply with such laws and regulations that would have a material impact on its earnings or competitive position. The Group is not aware of any pending litigation or significant financial obligations arising from current or past environmental practices that are likely to have a material adverse effect on its financial position.

Insurance

The Group maintains insurance policies for general liability, product liability, property, workers' compensation and employer's liability, procurement, foreign liability, cargo, crime and kidnap and ransom. These policies cover a range of risks including those related to physical damage to, and loss of, equipment and property, injury to employees as well as product liability coverage against claims and general liabilities which may arise through the course of normal business operations. The Group engages an insurance broker to advise on the necessary types and levels of coverage, and the Group reviews its coverage with its broker three times per year. The Group renews most of its insurance policies annually and most insurance premiums are denominated in US dollars. The Group also maintains various other insurance policies to cover a number of other risks related to its business, such as director and officer cover, employment practices, and fiduciary liability coverage.

Employees

The following table details the numbers of the Group's employees by function.

Employees by function (full and part time)

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
Operations	5,731	6,026	5,850	6,216	6,378
Sales and marketing	2,223	2,025	2,084	1,931	1,768
General and administrative	778	844	869	732	595
R&D	274	231	253	200	191
Total	**9,006**	**9,126**	**9,056**	**9,079**	**8,932**

The following table details the numbers of the Group's employees by location.

Employees by location (full and part time)

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
EMEA	3,462	3,409	3,386	3,404	3,089
Americas	4,414	4,544	4,505	4,510	4,679
APAC	1,130	1,173	1,165	1,165	1,164
Total	**9,006**	**9,126**	**9,056**	**9,079**	**8,932**

The Group has not experienced any significant labour disputes or work stoppages. All US employees and all employees at the Advanced Wound Care, Ostomy Care and AFI manufacturing sites are non-unionised. Some of the Group's employees in Europe, Mexico and in the Asia-Pacific regions are covered by collective bargaining agreements that are customary for the industry or are members of labour unions.

The Group has pension arrangements in most countries in which it operates and has implemented pension plans worldwide. For the Senior Managers and other members of management, the Group also offers individual pension contracts with pension payments depending on the position and years of service. See paragraph 6 of Part 15 (Additional Information).

Employee health and safety is of high importance to the Group. The head of each region is responsible for implementing the Group's health and safety policy by developing specific management systems and governance structures within the region, whilst following the Group's overall guidance. Local management manage the Group's occupational health and safety processes in line with relevant policies and the results are reviewed by regional management on a periodic basis and the Board on an annual basis.

PART 8
Directors, Senior Managers and Corporate Governance

Directors

The following table lists the names, positions and ages of the Directors. Sir Christopher Gent, Steve Holliday, Rick Anderson and Jesper Ovesen (the "Proposed Directors") will become directors of the Company from Admission. Paul Moraviec became a director of the Company on 6 September 2016 and the other Directors became directors of the Company on 30 September 2016.

Name	Age	Position
Sir Christopher Gent*	68	Chairman
Paul Moraviec	58	Chief Executive Officer
Nigel Clerkin	43	Chief Financial Officer
Steve Holliday*	60	Deputy Chairman and Senior Independent Non-executive Director
Rick Anderson*	56	Independent Non-executive Director
Jesper Ovesen*	59	Independent Non-executive Director
Raj Shah	48	Non-executive Director
Thomas Vetander	37	Non-executive Director
Kunal Pandit	37	Non-executive Director

* with effect from Admission

Sir Christopher Gent ***(Chairman)***

Sir Christopher is the former Chief Executive of Vodafone and the former Chairman of GlaxoSmithKline. He was appointed Managing Director of Vodafone in 1985, becoming its Chief Executive in 1997. Prior to joining Vodafone, Sir Christopher was Director of Network Services at ICL. In this role, he was Managing Director of Baric, a computer services company owned jointly by Barclays and ICL. He is currently a Member of the international Advisory Board of Hakluyt. Sir Christopher was the Chairman of GlaxoSmithKline until his retirement in March 2015. He was previously Chairman of the Supervisory Board of Mannesmann AG, a Non-Executive Director of China Mobile (Hong Kong) Limited, a Non-Executive Director of Lehman Brothers, a Member of the Board of Verizon Wireless, a Member of the Board of Ferrari and a Senior Adviser at Bain & Company.

Paul Moraviec ***(Chief Executive Officer)***

Mr. Moraviec has been the Company's Chief Executive Officer since 2014. Mr. Moraviec joined ConvaTec in 2009 as President of EMEA. Previously, Mr. Moraviec has held senior positions with a number of leading global medical device companies, including Abbott Laboratories, Johnson & Johnson and Bausch & Lomb. Mr. Moraviec holds a Master's degree in Marketing from Kingston University Business School in the United Kingdom.

Nigel Clerkin ***(Chief Financial Officer)***

Mr. Clerkin is the Company's Chief Financial Officer, having joined ConvaTec in 2014. Mr. Clerkin was previously Executive Vice President and Chief Financial Officer of Elan Corporation, a Dublin-based biotechnology company. Mr. Clerkin joined Elan in 1998 and held a series of roles in strategic planning and finance prior to being named CFO in 2011. Earlier in his career, Nigel was an auditor with KPMG. Mr. Clerkin holds Bachelor's and Master's degrees in accounting from Queens University, Belfast, and is a fellow of Chartered Accountants Ireland.

Steve Holliday ***(Deputy Chairman and Senior Independent Non-executive Director)***

Mr. Holliday is the former Chief Executive of National Grid, where he served as the Chief Executive for over nine years until his retirement in July 2016. Prior to joining National Grid, he was on the Board of British Borneo Oil and Gas. Mr. Holliday previously held senior roles in refining, shipping and international gas with Exxon. He serves as Vice Chairman of Business in the Community and the Careers and Enterprise Company, and is Chairman of the Board of Trustees at Crisis, the homeless charity. Mr. Holliday is also the Lead Non-Executive Director at Defra. He was previously a Non-Executive Director of Marks & Spencer. Mr. Holliday is a fellow of the Royal Academy of Engineering and holds a degree in Mining Engineering from Nottingham University.

Rick Anderson ***(Independent Non-executive Director)***

Mr. Anderson is a Managing Director at PTV Healthcare Capital. He was previously Group Chairman of Johnson & Johnson and Worldwide Franchise Chairman of Cordis Corporation. Mr. Anderson also served as President of Cordis Corporation and was previously Worldwide Franchise Vice President of Centocor, Inc., which merged with Johnson & Johnson in 1999. Before joining Johnson & Johnson, Mr. Anderson was Vice President of Global Marketing of Racal HealthCare and, prior to that, he was with Boehringer Mannheim Pharmaceuticals and Allergan Pharmaceuticals. Mr. Anderson currently sits on the board of PTV portfolio company Apollo Endosurgery and is the Chair of the Board for Cardiva Medical.

Jesper Ovesen ***(Independent Non-executive Director)***

Mr. Ovesen is the former Executive Chairman of Nokia Siemens Networks and former Chief Financial Officer of TDC. He previously served as Chief Executive of Kirkbi Group and as the Chief Financial Officer of The Lego Group and Danske Bank. Mr. Ovesen was previously a Director of Corporate Finance for Novo-Nordisk. He is currently Deputy Chairman of SEB, one of the largest banks in the Nordic region. Mr. Ovesen is currently the Audit Chair of Lundbeck and Sunrise Communications Group, having previously been the Audit Chair of FLSmidth & Co. Orkla Group and Danisco. A chartered accountant, Mr. Ovesen holds a master's degree in Finance from Copenhagen Business School.

Raj Shah ***(Non-executive Director)***

Mr. Shah is a Partner at NC Advisory LLP, exclusive advisor to Nordic Capital Fund V, Nordic Capital Fund VI, Nordic Capital Fund VII and Nordic Capital Fund VIII, which he joined in May 2015 with a focus on healthcare investments. Prior to joining NC Advisory LLP, Mr. Shah was Co-Head of European Healthcare Investment Banking at Goldman Sachs. He is a director of ERT and is also a director of Royal Brompton & Harefield Charity. Mr. Shah originally trained as a cardiac surgeon at Oxford and London and holds an MBA from London Business School.

Thomas Vetander ***(Non-executive Director)***

Mr. Vetander is a Principal at NC Advisory AB, exclusive advisor to Nordic Capital Fund V, Nordic Capital Fund VI, Nordic Capital Fund VII and Nordic Capital Fund VIII, which he joined in June 2006. He is also a director of Acino and Anicura. Previously, Mr. Vetander worked as a management consultant at McKinsey & Company in Stockholm. Mr. Vetander holds an MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and a BSc in Business Administration and Economics from the Stockholm University School of Business.

Kunal Pandit ***(Non-executive Director)***

Mr. Pandit is a Partner at Avista Capital Partners, which he joined in August 2010. Prior to joining Avista, Mr. Pandit was at DLJ Merchant Banking Partners in London. Prior to that, he was a member of the leveraged finance group and the investment banking department at Lehman Brothers in London. He is also a director of Acino, Trimb Healthcare and Guala Closures. Mr. Pandit holds an undergraduate degree from Cambridge University and an MBA from the Wharton School at the University of Pennsylvania.

Senior Managers

The Company's Senior Managers, in addition to the Executive Directors listed above, are as follows:

Name	Age	Position
Antonio La Regina	55	President, EMEA
John Lindskog	58	President, Infusion Devices & Industrial Sales
Timothy Moran	44	President, Americas
George Poole	45	President, APAC
Symeria Hudson	49	President, Global Franchise & Innovation
Marc Reuss	55	Executive Vice President, Human Resources
Michael Sgrignari	53	Executive Vice President, Global Operations
Adam Deutsch	45	Executive Vice President, General Counsel
Robert Steele	60	Executive Vice President, Quality and Regulatory
Douglas LeFort	50	Senior Vice President, Corporate Development

Antonio La Regina ***(President, EMEA)***

Antonio La Regina is President of ConvaTec's EMEA region. Mr. La Regina joined ConvaTec in 2006 as Managing Director for Italy. In 2011, he was appointed Vice President and General Manager of UK/Ireland and Italy/Greece. Most recently, he served as Vice President and General Manager for western and southern EMEA. Prior to joining ConvaTec, Mr. La Regina worked for Zambon Group and BMS in both Italy and France in a variety of commercial and functional roles. He holds a degree in Biology, a Ph.D in Pharmacology and completed the General Management Program at CEDEP-INSEAD Business School in Fontainebleau in France. He is a member of the Eucomed Board of Directors.

John Lindskog ***(President, Infusion Devices & Industrial Sales)***

John Lindskog is the President of Infusion Devices. Mr. Lindskog joined ConvaTec in 2008 when, as General Manager of Unomedical's Infusion Device business unit, he helped lead the integration of Unomedical into ConvaTec. His 25 years of experience in the infusion devices industry began at Pharma-Plast, which later merged with Maersk Medical and became Unomedical. Mr. Lindskog holds a Bachelor's degree in Business Administration through the internal academy at the East Asiatic Company in Denmark, and a Graduate certificate in Business Administration from Copenhagen Business School. He has completed the General Management Program at CEDEP-INSEAD business School in Fontainebleau in France.

Timothy Moran ***(President, Americas)***

Timothy Moran is President of the Americas at ConvaTec. Mr. Moran joined ConvaTec in 2015 from Medtronic, where he was Vice President and General Manager of the Patient Care and Safety Division. After joining Kendall in 1997, Mr. Moran was promoted to roles of increasing responsibility in sales, marketing and general management within Tyco Healthcare, Covidien and Medtronic. Prior to joining Kendall, he held sales positions with a number of medical and communications technology firms in the United States. Mr. Moran holds a Bachelor of Arts degree in Organisational Communication from the State University of New York at Geneseo.

George Poole ***(President, APAC)***

George Poole is President of ConvaTec's APAC region. Mr. Poole joined ConvaTec in 2015 from Medtronic, where he spent 14 years in leadership roles in commercial, marketing, operations and general management. For the last five years at Medtronic, Mr. Poole was a key member of Medtronic's Asia Pacific management team, most recently serving as Vice President/Managing Director, Southeast Asia. Prior to Medtronic, he served in sales positions with Welch Allyn and Olympus America. Mr. Poole holds a Bachelor of Science degree in Economics from the State University of New York at Cortland.

Symeria Hudson ***(President, Global Franchise & Innovation)***

Symeria Hudson is President, Global Franchises and Innovation at ConvaTec. Ms. Hudson joined ConvaTec in 2016 from Baxter, Inc., where she was Global Franchise Head, Renal Home Therapies. Prior to joining Baxter, she held a number of senior roles at Hospira, helping to transform the company following its spin-off from Abbott. She began her career in accounting, moving into marketing and management, with a number of leading FMCG and business services companies. Ms. Hudson holds a Bachelor of Sciences degree in Accounting from Alabama A&M University and an MBA from Harvard Business School.

Marc Reuss ***(Executive Vice President, Human Resources)***

Marc Reuss is Executive Vice President of Human Resources at ConvaTec. Mr. Reuss joined ConvaTec in 2015 from Novartis, where he was Global Head of Human Resources at the Vaccines and Diagnostics division, and, most recently, at Sandoz, Novartis' large generics division. Previously, Mr. Reuss spent eight years with Boston Scientific, serving in senior international Human Resources roles, and began his career at a number of leading aerospace, financial services and high-technology companies. He holds a Bachelor of Arts degree in Psychology from Potsdam College in New York state and a Master's degree in Human Resources from Emmanuel College in Boston.

Michael Sgrignari *(Executive Vice President, Global Operations)*

Michael Sgrignari is Executive Vice President of Global Operations at ConvaTec. Mr. Sgrignari joined ConvaTec in 2015 from Medtronic's Covidien group, where he was Senior Vice President of Quality and Operations. Mr. Sgrignari joined Covidien's predecessor company, Tyco Healthcare's US Surgical Division, in 1991. He advanced through roles of increasing responsibility, and in 2007, as Vice President of Global Operations for Tyco Healthcare, he led the operations planning in the spin-off to form Covidien. Mr. Sgrignari holds a Bachelor of Science degree in Manufacturing Engineering from Boston University.

Adam Deutsch *(Executive Vice President, General Counsel)*

Adam Deutsch is Executive Vice President and General Counsel of ConvaTec. Mr. Deutsch joined ConvaTec in 2014 from Biomet, Inc., a leading global medical device company. His roles included Corporate Vice President and Associate General Counsel—Litigation, Investigations & Risk Management, as well as Chief Compliance Officer. Prior to joining Biomet, Mr. Deutsch was a partner and associate with prominent law firms based in Chicago. He holds a Bachelor of Arts degree from Rutgers University and a Juris Doctor degree from New York University School of Law.

Robert Steele *(Executive Vice President, Quality and Regulatory)*

Robert Steele is the Executive Vice President of Quality and Regulatory Affairs. Mr. Steele joined ConvaTec in 2014 from Stryker. His most recent role was Vice President of Regulatory Affairs, Quality Assurance and Clinical. Prior to Stryker, Mr. Steele held a variety of roles with medical technologies company KCI, including Vice President of Global Quality. Mr. Steele began his career as an engineer working at medical device manufacturing companies in the United Kingdom. Mr. Steele holds a Bachelor of Arts degree in Electro Mechanical Engineering from Open University as well as two National Certificates in Mechanical Engineering and one in Electronic Engineering. He is a Chartered Engineer and Chartered Quality professional.

Douglas LeFort *(Senior Vice President, Corporate Development)*

Douglas LeFort is Senior Vice President of Corporate Development at ConvaTec. Mr. LeFort joined ConvaTec in 2011 from Freehand Surgical Ltd., where he was Chief Executive Officer from 2009 to 2011. Prior to joining Freehand Surgical Ltd., he held leadership positions with Abbott Laboratories Diabetes Care Division, Chiron Corporation and SC Johnson Inc. Mr. LeFort holds a Master of Business Administration from Henley Management College in the United Kingdom. He is a Chartered Management Accountant.

Corporate governance

UK Corporate Governance Code

The Board intends to comply with the requirements of the UK Corporate Governance Code (the "Governance Code"), save as described below. As envisaged by the Governance Code, the Board has established an audit and risk committee, a nomination committee and a remuneration committee. The Board has also established a corporate social responsibility ("CSR") committee.

The Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement.

Following the Offer, the Principal Shareholders will together own the majority of the Shares in the Company and the Company will continue to represent a significant investment for the Principal Shareholders. For this reason, the composition of the Board at Admission will not follow the recommendation of the Governance Code that at least half the Board, excluding the chairman, should comprise independent non-executive directors. In addition, the audit and risk committee and the remuneration committee will not consist solely of independent non-executive directors, and the nomination committee will not consist of a majority of independent non-executive directors. The Board and the Principal Shareholders are mindful of the need to consider the interests of the Company's new minority investors and the Directors believe the composition of the Board and committees, with the addition of the independent Chairman and the independent Non-Executive Directors (being Sir Christopher Gent, Steve Holliday, Jesper Ovesen and Rick Anderson), will provide the appropriate

corporate governance balance in light of the interests of both the Principal Shareholders and new minority shareholders, despite representing a departure from the recommendations of the Governance Code. The Board believes such a departure will not have an impact on the Group's governance in practice and intends to achieve full compliance with the Governance Code recommendations over time.

Pursuant to the Relationship Agreement, Nordic Capital will be able to appoint two Non-executive Directors to the Board for so long as it and its associates are entitled to exercise or to control the exercise of 25 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Nordic Capital and Avista will each able to appoint one Non-executive Director to the Board for so long as they and their associates are entitled to exercise or control the exercise of ten per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The first such appointees by Nordic Capital are Raj Shah and Thomas Vetander and by Avista is Kunal Pandit.

The Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the non-executive directors to be the senior independent director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The senior independent director should be available to shareholders if they have concerns which contact through the normal channels of chairman or executive directors has failed to resolve or for which such contact is inappropriate. Steve Holliday has been appointed Senior Independent Director with effect from Admission.

The Governance Code further recommends that directors should be subject to annual re-election. The Company intends to comply with this recommendation.

Audit and risk committee

The audit and risk committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place within the Group. The audit and risk committee will normally meet not less than four times a year.

The audit and risk committee will be chaired by Jesper Ovesen and its other members will be Steve Holliday, Rick Anderson and Thomas Vetander. The Governance Code recommends that all members of the audit and risk committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board acknowledges that, while the committee will not comply with this recommendation of the Governance Code, it believes that the independence of the audit and risk committee will not be compromised as it will have a majority of members that are independent. The Governance Code also recommends that one of the committee members has recent and relevant financial experience and the Board considers that the committee will comply with this recommendation.

Nomination committee

The nomination committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive and other senior executives. The nomination committee will normally meet not less than twice a year.

The nomination committee will be chaired by Sir Christopher Gent and its other members will be Jesper Ovesen, Kunal Pandit and Raj Shah. The Governance Code recommends that a majority of the nomination committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board acknowledges that, while the committee will not comply with this recommendation of the Governance Code, it believes that the nomination committee will still be able to operate effectively as two of the four members of the committee will be independent and the committee will benefit from the experience of the two non-independent members in respect of the existing senior management team.

Remuneration committee

The remuneration committee recommends the Group's policy on executive remuneration, determines the levels of remuneration for Executive Directors and the Chairman and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The remuneration committee will normally meet not less than three times a year.

The remuneration committee will be chaired by Steve Holliday and its other members will be Sir Christopher Gent, Jesper Ovesen and Raj Shah. The Governance Code recommends that all members of the remuneration committee be non-executive directors, independent in character and judgment and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgment. The Board acknowledges that, while the committee will not comply with this recommendation of the Governance Code, it believes that the independence of the remuneration committee will not be compromised as it will have a majority of members that are independent.

CSR committee

The Board has constituted a CSR committee to define the corporate and social obligations of the Group, based upon its economic responsibilities, community responsibilities and environmental responsibilities, and to oversee its conduct in the context of those obligations.

The CSR committee will be chaired by Sir Christopher Gent and its other members will be Paul Moraviec and Rick Anderson.

Share dealing code

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Shares, which is based on the rules of the Market Abuse Regulations. The code will apply to the Directors and other relevant employees of the Group.

Relationship Agreement with the Principal Shareholders

Immediately following the Offer and Admission, the Company considers that Nordic Capital will exercise or control on its own or together with any person with whom it is acting in concert, more than 30 per cent. of the votes to be cast on all or substantially all matters at general meetings of the Company. On 25 October 2016, the Company and the Principal Shareholders entered into the Relationship Agreement which will, conditional upon Admission, regulate the on-going relationship between the Company and the Principal Shareholders. The Company considers, in light of its understanding of the relationship between Nordic Capital and its associates, that Nordic Capital can procure the compliance of the other controlling shareholders and their respective associates (as defined in the Listing Rules) with the Independence Provisions (as defined below) included in the Relationship Agreement pursuant to the requirements of the Listing Rules.

The principal purpose of the Relationship Agreement is to ensure that the Company can carry on an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from the Principal Shareholders that: (i) transactions and arrangements with it (and/or any of its associates) will be conducted at arm's length and on normal commercial terms; (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules (the "Independence Provisions"). Furthermore, each of the Principal Shareholders has agreed to procure the compliance of their respective associates with the Independence Provisions.

Pursuant to the Relationship Agreement, Nordic Capital will be able to appoint two Non-executive Directors to the Board for so long as it and its associates are entitled to exercise or to control the exercise of 25 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. Nordic Capital and Avista will each be able to appoint one Non-executive Director to the Board for so long they and their associates are entitled to exercise or control the exercise of ten per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The first such appointees by Nordic Capital are Raj Shah and Thomas Vetander and by Avista is Kunal Pandit.

Pursuant to the Relationship Agreement, if the Principal Shareholders transfer 15 per cent. or more of the Shares in a single transaction to another entity (the "New Substantial Shareholder"), they will be able to offer such New Substantial Shareholder the right to appoint one Non-executive Director (the "New Substantial Shareholder Director") on substantially the same terms as the Relationship Agreement, provided that, among other things, the Board is satisfied that the New Substantial Shareholder is a long-term investor, such as a charitable foundation or a sovereign wealth fund (as opposed to a more typical institutional investor in the public market or a hedge fund) which is not a competitor of the Company; the nomination committee may prevent a proposed appointment if it is not in the best interests of the Company; there will be no more than three Principal Shareholder or New Substantial Shareholder-appointed Non-executive Directors; and there may only ever be one such appointment.

The Relationship Agreement will continue for so long as (a) the Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities and (b) one or both of the Principal Shareholders, together with its associates, is entitled to exercise or to control the exercise of ten per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company. The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Principal Shareholders.

Following Admission, for so long as there is a controlling shareholder (as defined in the Listing Rules), the Articles allow for the election or re-election of any Independent Director to be approved by separate resolutions of (i) the Company's shareholders and (ii) the Company's shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Company may propose a further resolution to elect or re-elect the proposed Independent Director, which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders of the Company voting as a single class. Furthermore, in the event that the Company wishes the FCA to cancel the listing of the Shares on the premium listing segment of the Official List or transfer the Shares to the standard listing segment of the Official List, the Company must obtain at a general meeting the prior approval of (y) a majority of not less than 75 per cent. of the votes attaching to the shares voted on the resolution, and (z) a majority of the votes attaching to the shares voted on the resolution excluding any shares voted by a controlling shareholder. In all other circumstances, controlling shareholders have and will have the same voting rights attached to the Shares as all other shareholders.

Conflicts of interest

Save as set out above, there are no potential conflicts of interest between any duties owed by the Directors or Senior Managers to the Company and their private interests or other duties.

PART 9
Selected Financial Information

The selected financial information set out below has been extracted without material amendment from Part 12 (Historical Financial Information), where it is shown with important notes describing some of the line items.

Consolidated statement of profit or loss

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Revenue	828.9	802.4	1,650.4	1,734.2	1,700.7
Cost of goods sold	430.5	386.4	799.9	826.6	755.7
Gross profit	**398.4**	**416.0**	**850.5**	**907.6**	**945.0**
Selling and distribution expenses	178.1	174.9	346.7	396.8	374.7
General and administrative expenses	141.9	102.1	233.1	249.7	231.5
Research and development expenses	19.7	20.2	40.3	42.2	31.2
Operating profit	**58.7**	**118.8**	**230.4**	**218.9**	**307.6**
Finance costs	131.1	171.9	303.6	294.9	261.9
Other (income) expense, net	(23.8)	43.9	37.1	23.8	(1.1)
(Loss)/profit before income taxes	**(48.6)**	**(97.0)**	**(110.3)**	**(99.8)**	**46.8**
Income tax expense (benefit)	24.1	10.0	(16.9)	27.4	31.6
Net (loss) profit	**(72.7)**	**(107.0)**	**(93.4)**	**(127.2)**	**15.2**

Consolidated statement of financial position

	As at 30 June		As at 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Assets					
Property, plant and equipment, net	238.4	254.8	251.5	260.4	280.9
Intangible assets	1,619.5	1,833.8	1,729.1	1,913.3	2,107.8
Goodwill	919.9	842.2	838.1	973.2	1,183.3
Deferred tax assets	4.9	6.8	5.3	6.8	17.1
Restricted cash	3.3	5.5	5.7	7.3	7.1
Other assets	21.7	25.1	23.3	22.8	16.0
Non-current assets	**2,807.7**	**2,968.2**	**2,853.0**	**3,183.8**	**3,612.2**
Inventories	241.8	240.9	228.9	249.8	253.7
Trade and other receivables	244.7	253.1	232.1	241.9	308.2
Prepaid expenses and other current assets	17.3	30.7	23.2	20.0	37.1
Cash and cash equivalents	274.5	244.6	273.0	237.5	275.4
Current assets	**778.3**	**769.3**	**757.2**	**749.2**	**874.4**
Total assets	**3,586.0**	**3,737.5**	**3,610.2**	**3,933.0**	**4,486.6**
Equity					
Common stock	2,253.3	2,253.3	2,253.3	2,253.3	2,253.3
Retained deficit	(2,523.9)	(2,459.6)	(2,448.7)	(2,351.7)	(2,220.7)
Equity reserves	(199.8)	(161.6)	(204.6)	(123.3)	15.1
Total equity	**(470.4)**	**(367.9)**	**(400.0)**	**(221.7)**	**47.7**
Liabilities					
Loans and borrowings	3,492.3	3,474.7	3,477.0	3,533.9	3,721.9
Deferred tax liabilities	173.1	249.6	186.9	235.2	243.8
Provisions	1.2	1.6	1.1	1.9	3.1
Other liabilities	91.0	49.4	59.6	50.4	60.1
Non-current liabilities	**3,757.6**	**3,775.3**	**3,724.6**	**3,821.4**	**4,028.9**
Trade and other payables	118.1	101.8	114.5	99.4	122.0
Loans and borrowings	12.8	55.8	21.5	43.7	73.6
Accrued expenses and other current liabilities	105.7	115.0	98.1	120.2	127.8
Employee benefits	46.9	44.2	43.6	46.5	55.7
Provisions	13.6	3.4	3.6	8.3	12.9
Deferred revenue	1.7	9.9	4.3	15.2	18.0
Current liabilities	**298.8**	**330.1**	**285.6**	**333.3**	**410.0**
Total liabilities	**4,056.4**	**4,105.4**	**4,010.2**	**4,154.7**	**4,438.9**
Total equity and liabilities	**3,586.0**	**3,737.5**	**3,610.2**	**3,933.0**	**4,486.6**

Consolidated statement of cash flows

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
	($ million)				
Net cash generated from operating activities	53.0	25.6	100.3	147.6	230.1
Net cash used in investing activities	(27.8)	(14.5)	(36.9)	(89.0)	(36.7)
Net cash (used in) generated from financing activities	(21.5)	4.3	(8.3)	(73.6)	(49.1)
Net change in cash and cash equivalents	3.7	15.4	55.1	(15.0)	144.3
Cash and cash equivalents at beginning of the period	273.0	237.5	237.5	275.4	131.3
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(8.3)	(19.6)	(22.9)	(0.2)
Cash and cash equivalents at end of the period	274.5	244.6	273.0	237.5	275.4

PART 10
Operating and Financial Review

This Part 10 (Operating and Financial Review) should be read in conjunction with Part 2 (Presentation of Financial and Other Information), Part 5 (Industry Overview), Part 7 (Business Description) and Part 12 (Historical Financial Information). Prospective investors should read the entire document and not just rely on the summary set out below. The financial information considered in this Part 10 (Operating and Financial Review) is extracted from the financial information set out in Part 12 (Historical Financial Information).

The following discussion of the Group's results of operations and financial condition contains forward-looking statements. The Group's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this Prospectus, particularly under Part 1 (Risk Factors) and Part 2 (Presentation of Financial and Other Information). In addition, certain industry issues also affect the Group's results of operations and are described in Part 5 (Industry Overview).

Overview

ConvaTec 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, continence and critical care and infusion devices used in the treatment of diabetes and other conditions. Across its operations as a developer, manufacturer and marketer of innovative medical products, ConvaTec has leading market positions in a number of attractive, structurally growing markets where the Group expects underlying trends to continue driving increased demand globally. The Group operates across four major market franchises:

- ***Advanced Wound Care.*** The Advanced Wound Care franchise provides 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. Advanced Wound Care accounted for 32.5 per cent. of the Group's revenue in 2015 and had an addressable market of $5.0 billion, which is expected to grow at five to six per cent. per annum between 2015 and 2020 (sources: BioMedGPS and FMI).
- ***Ostomy Care.*** The Ostomy Care franchise provides devices, accessories and services for people with a stoma (a surgically-created opening where bodily waste is discharged), commonly resulting from colorectal cancer, inflammatory bowel disease, bladder cancer, obesity and other causes. Ostomy Care accounted for 31.2 per cent. of the Group's revenue in 2015 and had an addressable market of $2.4 billion, which is expected to grow at four to six per cent. per annum between 2015 and 2020 (source: GIA).
- ***Continence & Critical Care (CCC).*** The CCC franchise provides products for people with urinary continence issues related to spinal cord injuries, multiple sclerosis, spina bifida and other causes. The franchise also supplies devices and products used in intensive care units and hospital settings. CCC accounted for 21.1 per cent. of the Group's revenue in 2015. Continence Care is the largest portion of the franchise revenue and had an addressable market in the United States and Europe of $1.8 billion, which is expected to grow at five per cent. per annum between 2015 and 2022 in the United States and three per cent. per annum between 2015 and 2019 in Europe (sources: iData Research and GHX).
- ***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 such as Parkinson's disease. In addition, the franchise supplies a range of products to hospitals and the home healthcare sector. Infusion Devices accounted for 15.2 per cent. of the Group's revenue in 2015 and had an addressable market of $0.5 billion, which is expected to grow at five to six per cent. per annum between 2016 and 2020 (source: Daedal Research).

Further details on each of the franchises are set out in "*Market Franchises and Products*" in Part 7 (Business Description). For a description of the addressable market for each franchise, see "*Overview of the Group's addressable markets*" in Part 5 (Industry Overview).

Key performance indicators

The Group monitors several KPIs to track the financial and operating performance of its business. These measures are derived from the Group's internal financial systems. Because some of these measures are not determined in accordance with generally accepted accounting principles, including IFRS, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies.

The table below presents the Group's revenue on a reported basis, the period-on-period revenue growth by market franchise on a constant currency basis, Adjusted Gross Margin, Adjusted EBITDA, Adjusted EBIT, Adjusted EBIT margin and cash conversion. For more information on the definition and calculation of these metrics, including a reconciliation to the Group's reported historical financial information prepared on an IFRS basis, where relevant, please see "*Non-IFRS financial information*" and "*Constant currency adjustments*", each in Part 2 (Presentation of Financial and Other Information).

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(unaudited, unless otherwise stated) ($ million, unless otherwise indicated)				
Total reported revenue (*audited, except six months ended 30 June 2015*)	**828.9**	**802.4**	**1,650.4**	**1,734.2**	**1,700.7**
Reported revenue percentage change compared to previous period (*audited, except six months ended 30 June 2015*)	**3.3%**	**—**	**(4.8)%**	**2.0%**	**—**
Revenue percentage change compared to previous period on a constant currency basis[1]					
Advanced Wound Care	8.2%	—	5.3%	8.5%	—
Ostomy Care	1.7%	—	1.3%	(6.2)%	—
Continence & Critical Care	5.4%	—	5.9%	9.7%	—
Infusion Devices	5.6%	—	6.2%	3.8%	—
Total	**5.2%**	**—**	**4.2%**	**2.8%**	**—**
Gross margin[2]	**48.1%**	**51.8%**	**51.5%**	**52.3%**	**55.6%**
Adjusted Gross Margin[3]	**58.9%**	**59.9%**	**59.6%**	**60.4%**	**63.4%**
Adjusted EBITDA[4]	**226.2**	**225.4**	**473.8**	**502.3**	**553.7**
Adjusted EBIT[5]	**209.0**	**206.8**	**436.8**	**459.6**	**508.7**
Adjusted EBIT margin[6]	**25.2%**	**25.8%**	**26.5%**	**26.5%**	**29.9%**
Cash conversion[7]	**81.3%**	**76.0%**	**87.6%**	**88.9%**	**84.0%**

Notes:

(1) In this table, constant currency information is calculated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

(2) Gross margin is defined as gross profit divided by revenue.

(3) Adjusted Gross Margin is defined as gross margin excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business.

(4) Adjusted EBITDA is defined as the net (loss) profit for the period and/or year before income tax expense (benefit), other (income) expense, net, finance costs, and depreciation and amortisation, as adjusted to exclude costs or gains that are excluded by management in assessing the operating performance of the business, including asset impairments, restructuring and other-related costs, remediation costs, share-based compensation, ownership structure costs and other costs. For a reconciliation of Adjusted EBITDA to the Group's reported financial information please see "*Non-IFRS financial information*" in Part 2 (Presentation of Financial and Other Information).

(5) Adjusted EBIT is defined as Adjusted EBITDA, further adjusted to include (i) software and R&D amortisation and (ii) depreciation, excluding accelerated depreciation related to the closure of certain manufacturing plants. Following Admission, Adjusted EBIT will include ongoing stock compensation costs.

(6) Adjusted EBIT margin is defined as Adjusted EBIT divided by revenue.

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

Significant factors affecting the Group's results of operations

Structural trends

ConvaTec benefits from operating in markets which are experiencing structural growth, driven by several key global demographic trends, including an ageing population, increasing prevalence of chronic conditions and patients typically living longer with chronic conditions.

There is a strong correlation between age and the incidence of diseases requiring wound, ostomy and incontinence and infusion products. Additionally, patients with existing conditions who are reliant on the Group's products are typically living longer, lengthening the time period a given patient is likely to utilise the Group's products. This ageing population also maintains an active lifestyle, which drives further technological innovation, product development and the use of accessory products.

In part as a result of these structural and demographic trends, growth in all of the franchise markets in which the Group operates is expected to continue. The Advanced Wound Care market is expected to grow at a CAGR of 5 to 6 per cent. between 2015 and 2020, the Ostomy Care market at 4 to 6 per cent. between 2015 and 2020, the Continence & Critical Care market at 3 to 5 per cent. between 2015 and 2022 in the United States and between 2015 and 2019 in Europe and the Infusion Device market at 5 to 6 per cent. between 2016 and 2020. These long-term trends have supported growth in the Group's addressable markets. For more information on the size of these markets and historic and expected future growth rates, see "*Overview of the Group's addressable markets*" in Part 5 (Industry Overview) of this Prospectus.

In 2015, ConvaTec generated more than 75 per cent. of its revenue from products used by patients with chronic care conditions, which conditions are experienced over a long duration and generally progress slowly. As the treatment of these conditions is largely non-discretionary, underlying demand for the Group's products is not directly impacted by economic conditions to a significant extent (although available healthcare reimbursement may be indirectly affected, as discussed below). This chronic care model leads to recurring revenue streams, which reduce year-to-year volatility in revenue on a constant currency basis. As there tends to be a relatively low degree of switching between products by patients once they find a solution that works for them, new patient capture is an important driver of long-term performance.

Competitive environment

In the markets in which it operates, the Group competes with both small companies and large, diversified companies with significant market share. The Group competes with these parties on a range of factors, including product technology, consumer engagement, sales and marketing, and price.

In recent years, the Group has maintained or gained market share across most of its franchises in key markets. An example of a key market share gain during the historical period is the intermittent catheter market in the United States (through 180 Medical), where the Group's market share has grown from 17 per cent. in 2012 to 22 per cent. in 2014, helping to drive an 8.0 per cent. CAGR in CCC revenue between 2013 and 2015 on a fixed currency basis. The Group attributes this growth to the differentiated customer service offering and expanded catheter and ostomy product offering that 180 Medical provides. In Advanced Wound Care, revenue of 6.5 per cent. between 2013 and 2015 on a fixed currency basis has partially been driven by market share gains in the foam market in Europe, reflecting the value of the Group's Hydrofiber Technology and the AQUACEL brand, in particular following the launch of foam and anti-biofilm ranges in recent years.

In Ostomy Care, the Group's revenue declined at a 2.6 per cent. CAGR between 2013 and 2015 on a fixed currency basis, partially reflecting competitive pressure, particularly in the United States. This decline was due to a decline in revenue in 2014, and reflected pricing and product line decisions taken by prior management. Under the leadership of the current management team, the Group conducted a comprehensive diagnostic review of the competitive positioning of the Ostomy Care franchise and implemented a number of key strategic changes during 2015, including expanding direct sales teams in key markets, such as the United States and Germany, closing gaps in the Ostomy Care product portfolio and investing in building a research-based consumer engagement programme that started to be launched in late 2015. These changes are beginning to be reflected in the return to positive constant currency growth in 2015 (1.3 per cent. versus 2014) and the first six months of 30 June 2016 (1.7 per cent. versus the prior comparable period).

Innovation and product development

The Group's business strategy relies significantly on continuing to develop innovative products that address unmet customer needs and differentiate the Group and its product offering from its competitors.

In the periods under review, the Group delivered a number of product line extensions and new products which supported the Group's constant currency revenue growth. The Group expects its continued platform and product development to result in increased product demand and, as a result, increased sales volume and revenue in the future. Significant R&D expenditure and expanded product ranges in the periods under review included new size additions to the AQUACEL Foam dressing range and the launch of AQUACEL Foam Pro dressing; the GentleCath line of intermittent urinary catheters (including launch of the GentleCath Pro Closed-System Intermittent Catheter and GentleCath Insertion Kit in 2015); the launch of the FlexiSeal Signal FMS with odour barrier; and the development of the new Avelle NPWT product. The Group's future developments will include expansion of the Hydrofiber Technology and AQUACEL Ag+ Technology ranges to combat microbial biofilms in wounds, further expansion of the range of ostomy products with soft convex technology, expansion of the GentleCath range through the incorporation of new material technologies and innovative design features, the launch of a new infusion device with one-touch fully-automatic insertion and needle retraction capabilities and the launch of products with infection detection and protection.

In addition to new product development, the Group's Global Science & Innovation department, which focuses on R&D development, strives to optimise the life cycles of innovative products in the Group's existing portfolio by enhancing features and leveraging technologies across its market franchises.

R&D expenditure during the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014, and 2013 were $19.7 million, $20.2 million, $40.3 million, $42.2 million and $31.2 million, or 2.4 per cent., 2.5 per cent., 2.4 per cent., 2.4 per cent. and 1.8 per cent., as a percentage of revenue, respectively. On a constant currency basis, R&D expenditures increased $0.1 million, $0.8 million, and $10.0 million for the six months ended 30 June 2016 and the years ended 31 December 2015 and 2014, respectively, compared to the prior year periods. The increase in R&D spend over the periods under review was primarily driven by spending on certain development programmes, including NPWT, foam and surgical advances (as set out above), as well as expense in the Ostomy Care and GentleCath offerings, and compliance costs. In addition, the increase in R&D spend for the year ended 31 December 2014 was also impacted by an increase in FDA remediation costs and write-off of capitalised development costs. The overall increase in R&D spend for the year ended 31 December 2015 was partially offset by lower FDA remediation costs and write-off of capitalised development costs in 2014.

The Group expects to continue to supplement its internal development efforts with targeted initiatives to further enhance its existing product platforms and identify innovative technologies and products in relevant areas of its business where the Group sees opportunities for maintaining or accelerating commercial growth.

Healthcare services reimbursement

The Group is subject to government regulations, reimbursement policies and healthcare cost-containment programmes in many of the countries in which it operates. Reform to healthcare services reimbursement, combined with government austerity programmes instituted following the global recession, have generally been accelerated in an effort to control overall healthcare spending, and have affected the manner in which healthcare services and products are dispensed and reimbursed. National healthcare systems have sought ways to limit cost increases, an example being in the United States, where many of the Group's customers have joined GPOs in an effort to contain costs.

These trends have placed downward pressure on the prices of many of the Group's products while also requiring expanded products and support offerings that can provide improved patient outcomes and cost-effective benefits to patients. While these developments have resulted in ongoing pricing pressure across the Group's products during the historical period, this has been offset by manufacturing efficiencies, product innovation and volume growth, as reflected in the Group's revenue CAGR between 2013 and 2015 of 3.5 per cent. on a fixed currency basis.

Regulatory environment

The Group incurs costs as a result of legal and regulatory requirements applicable to the Group's products and manufacturing processes. The manufacture and sale of medical devices and related products across

jurisdictions also exposes the Group to a risk of litigation, in the ordinary course of business, from time to time, particularly product liability claims, which can result in costs which impact the Group's profitability.

Many of the Group's products are characterised by complex manufacturing processes, requiring adherence to demanding specifications. From time to time, the Group is required to recall products in situations in which a material deficiency in a device is found. Such recalls, whether initiated on a voluntary basis or required by government order, can result in a range of adverse consequences to the Group, including lost sales, reduced prices, the requirement to hold increased inventories of substitute products, loss of market share to competitors and the direct costs of implementing any recall. In the historical period, the Group's results were impacted by a voluntary global recall that the Group initiated in April 2014 of its Flexi-Seal CONTROL Fecal Management System. The effect of this recall was to negatively impact CCC revenue, primarily in 2014, as a result of both the recall itself and subsequent pricing actions by the Group to maintain market share.

The Group also incurs costs directly arising from government regulatory action, including in relation to remediation efforts following government and regulatory action taken in respect of the Group. In 2014 and 2015, the regulatory compliance costs for the Group accounted for in R&D expenses totalled $7.4 million and $2.0 million, respectively. The Group had no remediation costs recorded in R&D expenses in 2013. The Company continues to review and improve its quality system to increase efficiency and ensure regulatory compliance and remediation costs accounted for in R&D expenses decreased from $1.3 million in the six months ended 30 June 2015 to nil in the six months ended 30 June 2016.

International and foreign exchange

The Group markets its products in more than 100 countries and, following completion of the Margin Improvement Programme, will have eight manufacturing sites in strategic locations in six countries. Significant products for certain of the Group's market franchises are produced in manufacturing facilities in Slovakia, the United Kingdom, the Dominican Republic and Mexico. Due to the global nature of the Group's business, revenue and expenses are influenced by foreign exchange movements. Increases or decreases in the value of the US dollar compared to other currencies will affect the Group's reported results as the Group translates those currencies into US dollars. As a result, the Group's reported results are strongly impacted by currency exchange movements. The Group also incurs costs related to changes in costs of goods and services as a result of changes in currency value which impact the underlying profitability of the Group.

The following table sets forth the Group's percentages of revenue by major currency for the six months ended 30 June 2016 and the year ended 31 December 2015.

	Six months ended 30 June 2016	Year ended 31 December 2015
	Revenue	
	(audited)	
US dollar	44.5%	43.7%
Euro	23.4%	23.0%
Pound sterling	10.5%	11.3%
All others	21.6%	22.0%

Operating expenses are split by currency in broadly similar ratios as revenue. Group EBITDA is generally generated mostly in US dollars and euros/Danish krone, in broadly equal proportions, with the remainder across several other currencies. The expenses of the Group's United Kingdom-based manufacturing and R&D operations combined with its in-market sales, marketing and R&D organisations leave the pound sterling impact on Group EBITDA from roughly neutral to a modest offset.

The Group has presented certain financial information from its income statement using a constant currency translation of non-US dollar amounts into US dollars as a convenience to investors in comparing the Group's period-to-period performance. Such constant currency financial information has been estimated by applying the applicable prior period average exchange rates to the Group's actual performance for the six months ended 30 June 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013. Certain other financial information has been estimated on a fixed currency basis by applying the applicable spot exchange rates on 30 June 2016 to the Group's actual performance. For more detail, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information). The measures presented on a constant currency basis or fixed currency basis should not be considered in

isolation or as an alternative to the measures presented on a reported basis on the Group's income statement or the notes thereto, and should not be construed as a representation that the relevant currency could be or was converted into US dollars at that rate or at any other rate.

The result of the UK referendum vote in favour of Brexit has led to a decrease in the value of sterling against the US dollar, as well as general volatility in currency exchange markets. If the US dollar remains strong relative to sterling and/or the volatility persists, the Group's revenue may be adversely affected (although the impact on profitability may be less significant than any fluctuation in revenue, since the Group incurs certain costs in pounds sterling). For more detail, see "*The Group is exposed to fluctuations in foreign currency exchange*" in Part 1 (Risk Factors).

Manufacturing and distribution efficiency

In the fourth quarter of 2015, the Group commenced a Margin Improvement Programme ("MIP") to increase efficiencies in its manufacturing and distribution cost base. The Group estimates that it will incur total restructuring and other operating expenditure costs of $40 million to $50 million (half cash and half non-cash), with the majority to be incurred in 2016 ($25 million was accounted for in the first half of 2016). Additional expenditure related to the MIP is expected to bring total Group capital expenditure to be around $100 million in each of 2016 and 2017. For more information on the MIP, please see "*Significant Margin Improvement Programme*" in Part 7 (Business Description).

The Directors are targeting a minimum net impact on margins of the MIP of 300 basis points by 2020, with approximately 50 basis points of gross margin benefit targeted in 2016, as a result of the implementation of LEAN manufacturing processes, installation of automated equipment to standardise the Ostomy Care production platform, completion of certain supplier negotiations and the centralisation of sourcing processes, as well as the transfer of production from the Group's Greensboro, USA plant to Haina, Dominican Republic. The Group is expanding its capabilities at the Haina, Dominican Republic, Michalovce, Slovakia, Rhymney, United Kingdom and Minsk, Belarus facilities to optimise its supply chain for the Wound, Ostomy Care, and CCC franchises.

Cash conversion and tax efficiency

A feature of the Group's performance in the periods under review has been the conversion of Adjusted EBITDA to free cash flow, as demonstrated by a pre-tax cash conversion of 87.6 per cent. in 2015 (calculated as the ratio of Adjusted EBITDA less change in working capital and capital expenditure to Adjusted EBITDA). This ratio reflects a progressive reduction in working capital between 2013 and 2015 as a result of reduced accounts receivable, with net working capital as a percentage of sales reducing from 25.9 per cent. to 21.0 per cent. over the period. The Directors expect the Group to generally have a stable working capital requirement (as a percentage of sales). In 2016 and 2017, however, the Directors expect the Group's working capital requirement (as a percentage of sales) to be approximately one to two per cent. higher than previous years due to the Group's planned inventory build-up connected with the MIP. Following this, the Group expects a stable working capital requirement (as a percentage of sales).

The Group also has limited recurring capital expenditure, which includes both manufacturing equipment and development investment for new product development and launches. The Directors expect the Group's recurring capital expenditure to remain at the equivalent of approximately two to three per cent. of the Group's revenue per annum, although additional capital expenditure in 2016 and 2017, related to the MIP implementation, is expected to result in total capital expenditure in each of those two years of approximately $100 million.

The Group also benefits from an efficient tax structure, which was put in place at the time of acquisition in 2008. The structure involves, in part, corporate operations in Switzerland where taxes are relatively low, interest and other deductions available in the United States, and R&D conducted in the United Kingdom to take advantage of patent box legislation. This structure has been audited by tax authorities in multiple jurisdictions since 2008. The Group expects its reported tax rate to increase from a low-double digit percentage to a mid-teen percentage in the near term and to stabilise at that level going forward. In the medium term, the Group expects its cash tax rate to be in the high single-digit to low double-digit percentage range. These expectations are measured relative to Adjusted Net Income before tax (i.e. excluding acquisition amortisation and other adjusting items).

Enhancement of legal and compliance function and financial controls

Over the periods under review the Group's general and administrative expenses have included expenditures to enhance the Group's legal and compliance function and strengthen the control environment within the Group's finance function. Such expenditures amounted to $12.1 million and $2.9 million in 2015 and 2014, respectively, and $5.4 million and $7.0 million in the six months ended 30 June 2016 and 2015, respectively. The Group had no such expenditures in 2013.

The Group anticipates that its general and administrative expenses will increase in the future with continued focus on enhancing the Group's controls and processes within its finance function and expanded legal and compliance obligations, in each case proportionally with the Group's targeted constant currency revenue growth in the near term. Potential increases include costs related to the hiring of additional personnel, payments to outside consultants, costs for lawyers and accountants, and higher insurance costs, among other expenses.

Current trading and prospects

The Directors are confident in the outlook for the remainder of 2016 and the Group's longer term prospects. In respect of the Group's 2016 results, the Directors are targeting constant currency revenue growth for the Group of around four per cent. as compared to 2015. Adverse foreign exchange movements during 2016 are expected to impact the Group's reported revenue by approximately 1.5 per cent. as compared to 2015.

By franchise, the Directors are targeting full-year constant currency revenue growth for 2016, as compared to 2015, as follows:

- 6 to 8 per cent. in the Advanced Wound Care franchise;
- 1 to 3 per cent. in the Ostomy Care franchise;
- 3 to 5 per cent. in the CCC franchise; and
- 2 to 4 per cent. in the Infusion Devices franchise, reflecting some customer de-stocking in the second half of 2016.

In respect of the year ending 31 December 2017, the Directors are targeting mid-single digit percentage constant currency revenue growth for the Group as compared to 2016.

It is anticipated that the Company's next trading update will be provided at the time of the announcement of its preliminary full-year results for 2016.

The Group's ability to achieve the targets set out above will depend upon a number of factors outside of its control. These include significant business, economic and competitive uncertainties and contingencies, as well as actions taken by counterparties. These targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change, including the Group's execution of its strategies and product development, as well as growth in the markets in which the Group operates. As a result, the Group's actual results may vary from the targets set out above, and those variations may be material. See also "*Information regarding forward-looking statements*" in Part 2 (Presentation of Financial and Other Information) and the risk factors set out in Part 1 (Risk Factors).

Description of key line items

Revenue

Revenue comprises sales of the Group's products net of rebates and discounts.

Cost of goods sold

Cost of goods sold primarily comprises manufacturing and production costs, including raw materials, labour, overhead and processing costs and any freight costs borne by the Group in the transport of goods to the Group from suppliers, depreciation of manufacturing facilities and equipment and lower of cost or market adjustments to inventories.

Selling and distribution expenses

Selling and distribution expenses consist of advertising, promotion, marketing, sales force and distribution costs.

General and administrative expenses

General and administrative expenses consist of executive management, human resources, finance, information management, legal, facilities and other costs.

Research and development expenses

Research and development expenses consist of product development and enhancement costs incurred within a centralised research and development function.

Finance costs

Finance costs consist of interest costs, standby fees and any loss related to debt extinguishment.

Other expense (income), net

Other expense (income), net primarily consists of net gains and losses resulting from the re-measurement or settlement of transactions that are denominated in a currency that is not the functional currency of a transacting subsidiary.

Overall Group and franchise performance

From 2013 to 2015, the Group generated a revenue CAGR of 3.5 per cent. on a fixed currency basis and in the six months ended 30 June 2016 the Group generated revenue growth of 5.2 per cent. compared to the prior comparable period on a constant currency basis, with the Group's Advance Wound Care, CCC and Infusion Devices franchises delivering consistent growth over the period. While the Ostomy Care franchise experienced an overall 5.2 per cent. decline in revenue between 2013 and 2015 on a fixed currency basis, strategic actions taken by the current management team returned this franchise to growth in 2015 on a constant currency basis, with constant currency revenue in the six months ended 30 June 2016 1.7 per cent. higher than the prior comparable period. The Group has continued to deliver high levels of profitability and cash flow generation (before financing costs) throughout the period, with an Adjusted EBIT margin of 25.2 per cent. and 26.5 per cent. in the six months ended 30 June 2016 and the year ended 31 December 2015, respectively.

Advanced Wound Care

The Group's Advanced Wound Care franchise has grown above or in line with the overall advanced wound care market growth in the periods under review. For the years ended 31 December 2013 to 2015, the Group's Advanced Wound Care franchise grew at a revenue CAGR of 6.5 per cent. on a fixed currency basis, and for the six months ended 30 June 2016 at a rate of 8.2 per cent. compared to the prior comparable period on a constant currency basis, with a strong performance in EMEA and growth in the Americas offsetting a weaker performance in APAC.

The Advanced Wound Care franchise's overall performance in the periods under review was primarily driven by the Group's position as a technology and product leader in infection prevention and wound management, including through relatively consistent sales in the AQUACEL lines in EMEA and the Americas, and the DuoDERM product ranges, particularly in APAC. The Advanced Wound Care franchise also benefited from the Group's R&D spend and new product development, with a number of new products and upgrades to the AQUACEL line, including AQUACEL Foam (introduced in 2012), AQUACEL Extra, AQUACEL Surgical and the AQUACEL Ag products (with AQUACEL Ag Extra+ introduced in 2014) proving successful and driving increased sales, particularly in EMEA and the Americas.

Ostomy Care

As described in Part 7 (Business Description), the performance of the Group's Ostomy Care franchise was negatively impacted in the historical period by a number of strategic mis-steps. These mis-steps contributed to Ostomy Care's revenue declining at a revenue CAGR of 2.6 per cent. between 2013 and 2015 on a fixed

currency basis. This below market performance was primarily attributable to a 6.2 per cent. reduction in revenue in 2014 on a constant currency basis, reflecting a decline in market share and the correction by ConvaTec's current management team of certain aggressive pricing practices in the US retail channel instituted by the prior management team.

As detailed in Part 7 (Business Description), ConvaTec's current management have implemented a focussed plan to return the Ostomy Care franchise to growth. Specific strategic actions have included implementing new distributor partnerships in the United States and Germany, improving the process for price-setting, strengthening the sales force (including improved incentivisation and account targeting), addressing historical product portfolio gaps and launching the me+ direct-to-consumer platform. These actions have started to gain traction, with the Ostomy Care franchise delivering 1.3 per cent. growth in 2015 and 1.7 per cent. growth in the first half of 2016, each on a constant currency basis. The Group estimates revenue growth can lag behind investments by up to 12-18 months because chronic markets tend to require annualisation before the full value can be seen in the revenue, and also because it often takes many weeks for a stoma to settle and months for a patient to adjust to life with a stoma and settle into a specific product system. This lag time is amplified because ostomy patients tend not to switch once they start using a particular product, so the Group's growth and market share may not accelerate as quickly as the growth rate of new patient capture, and the Group believes its ostomy patients have historically been skewed toward the older end of the population of ostomy users.

CCC

For the years ended 31 December 2013 to 2015, the Group's CCC franchise grew at a revenue CAGR of 8.0 per cent. on a fixed currency basis, and for the six months ended 30 June 2016 at a rate of 5.4 per cent. compared to the prior comparable period on a constant currency basis. The performance of the CCC franchise reflects the strong growth of 180 Medical in the United States, driven by increasing market share and the Symbius acquisition in 2014 (which added $25.0 million of revenue in 2014), as well as increasing sales of GentleCath devices. In 2015, Continence Care sales represented approximately half of CCC revenue. This growth was partially offset by reduced volume and sales revenue of the Group's Flexi-Seal Fecal Management product as a result of a voluntary recall commenced in 2014 with resulting revenue declines. The Group is currently in the process of rationalising certain of its lower margin hospital products in connection with the MIP, which is expected to have a negative impact of $10 million to $15 million on 2017 Group revenue, but limited impact on profitability. CCC performance was relatively stable in EMEA and APAC during the periods under review.

Infusion Devices

From 2013 to 2015, the Group's Infusion Devices franchise grew at a revenue CAGR of 5.1 per cent. on a fixed currency basis, and for the six months ended 30 June 2016 at a rate of 5.6 per cent. compared to the prior comparable period on a constant currency basis. Adverse pricing pressure generally affects the Infusion Devices franchise more than the Group's other franchises, but this has been offset in the last three to four years by strong end-market demand for infusion pumps, for which the infusion devices that the Group supplies are a critical component; the stable, long-term nature of the Group's relationships with its key customers; and new product introductions at higher pricing.

Results of operations

The discussion below presents the Group's results of operations for the periods under review using both reported figures and a constant currency translation of non-US dollar amounts into US dollars as a convenience to investors in comparing the Group's period-to-period performance. All such constant currency financial information has been estimated by applying the applicable prior period average exchange rates to the Group's actual performance in the respective period under review. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

Results of operations for the six months ended 30 June 2016 and 2015

	Six months ended 30 June	
	2016	2015
	(audited)	(unaudited)
	(reported basis) ($ million)	
Revenue	828.9	802.4
Cost of goods sold	430.5	386.4
Gross profit	**398.4**	**416.0**
Selling and distribution expenses	178.1	174.9
General and administrative expenses	141.9	102.1
Research and development expenses	19.7	20.2
Operating profit	**58.7**	**118.8**
Finance costs	131.1	171.9
Other (income) expense, net	(23.8)	43.9
Loss before income taxes	**(48.6)**	**(97.0)**
Income tax expense	24.1	10.0
Net loss	**(72.7)**	**(107.0)**

Revenue

On a reported basis, revenue increased $26.5 million, or 3.3 per cent., from $802.4 million in the first six months of 2015 to $828.9 million in the first six months of 2016. On a constant currency basis, revenue increased 5.2 per cent. in the first six months of 2016, for the reasons set out below.

The following table sets forth the Group's revenue by market franchise for the first six months of 2015 and 2016 and the percentage change on both a reported and constant currency basis.

	Six months ended 30 June		Change on reported basis	Change on constant currency basis[(1)]
	2016	2015		
	(audited)	(unaudited)	(%)	(%)
	($ million)			
Revenue by market franchise				
Advanced Wound Care	269.0	254.1	5.9	8.2
Ostomy Care	249.8	252.0	(0.9)	1.7
Continence & Critical Care	178.6	171.7	4.0	5.4
Infusion Devices	131.5	124.6	5.5	5.6
Total revenue	**828.9**	**802.4**	**3.3**	**5.2**

Note:

(1) In this table, constant currency financial information has been estimated by applying the applicable average exchange rates in the six months ended 30 June 2015 to the Group's actual performance in the six months ended 30 June 2016. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

Advanced Wound Care

On a reported basis, revenue from the Advanced Wound Care franchise increased $14.9 million, or 5.9 per cent., from $254.1 million in the first six months of 2015 to $269.0 million in the first six months of 2016. On a constant currency basis, revenue from the Advanced Wound Care franchise increased 8.2 per cent. in the first six months of 2016, primarily due to due to increased sales resulting from growth across the Group's AQUACEL product range.

Ostomy Care

On a reported basis, revenue from the Ostomy Care franchise decreased $2.2 million, or 0.9 per cent., from $252.0 million in the first six months of 2015 to $249.8 million in the first six months of 2016. On a constant currency basis, revenue from the Ostomy Care franchise increased 1.7 per cent. in the first six months of 2016, primarily due to increased customer demand for the Group's ostomy products. This reflects the early benefits of management's revised strategy for the franchise, as described in "*Overall Group and franchise constant currency performance—Ostomy Care*" in this Part 10 (Operating and Financial Review).

Continence & Critical Care

On a reported basis, revenue from the CCC franchise increased $6.9 million, or 4.0 per cent., from $171.7 million in the first six months of 2015 to $178.6 million in the first six months of 2016. On a constant currency basis, revenue from the CCC franchise increased 5.4 per cent. in the first six months of 2016, primarily due to organic growth from the Group's 180 Medical business.

Infusion Devices

On a reported basis, revenue from the Infusion Devices franchise increased $6.9 million, or 5.5 per cent., from $124.6 million in the first six months of 2015 to $131.5 million in the first six months of 2016. On a constant currency basis, revenue from the Infusion Devices franchise increased 5.6 per cent. in the first six months of 2016, primarily driven by increased infusion device volumes sold.

Operating costs and expenses

Cost of goods sold

Cost of goods sold increased $44.1 million, or 11.4 per cent., from $386.4 million in the first six months of 2015 to $430.5 million in the first six months of 2016. The increase was primarily driven by restructuring and other related costs of $25.0 million primarily resulting from the closure of the Group's manufacturing facility in Malaysia by the end of the third quarter of 2016 and manufacturing operations in Greensboro, United States by early 2017, along with increased volumes. As a percentage of revenue, cost of goods sold increased from 48.2 per cent. in the first six months of 2015 to 51.9 per cent. in the first six months of 2016.

On a reported basis, gross margin decreased from 51.8 per cent. in the first six months of 2015 to 48.1 per cent. in the first six months of 2016. Adjusted Gross Margin decreased from 59.9 per cent. in the first six months of 2015 to 58.9 per cent. in the first six months of 2016.

Selling and distribution expenses

Selling and distribution expenses increased $3.2 million, or 1.8 per cent., from $174.9 million in the first six months of 2015 to $178.1 million in the first six months of 2016. As a percentage of revenue, selling and distribution expenses decreased from 21.8 per cent. in the first six months of 2015 to 21.5 per cent. in the first six months of 2016. On a constant currency basis, selling and distribution expenses increased $7.2 million, or 4.1 per cent. in the first six months of 2016, primarily due to an increase in distribution and compensation costs and spending on marketing support programmes.

General and administrative expenses

General and administrative expenses increased $39.8 million, or 39.0 per cent., from $102.1 million in the first six months of 2015 to $141.9 million in the first six months of 2016. As a percentage of revenue, general and administrative expenses increased from 12.7 per cent. in the first six months of 2015 to 17.1 per cent. in the first six months of 2016. On a constant currency basis, general and administrative expenses increased $35.5 million, or 34.8 per cent. in the first six months of 2016, primarily due to higher share-based compensation expenses, an increase in professional service fees mainly related to corporate development activities, impairment charges on the Group's former corporate facility located in Skillman, New Jersey and incremental compensation and benefit costs. These increases were partially offset by lower professional service fees primarily related to a number of remediation activities that were undertaken in the prior year period to enhance the Group's compliance function and strengthen its control environment within finance. On a constant currency basis and excluding restructuring, remediation, litigation settlement expenses, share-based compensation and certain other costs that are excluded by management in assessing the operating performance of the business, general and administrative expenses increased $4.9 million, or 6.4 per cent. in the first six months of 2016.

Research and development expenses

R&D expenses decreased $0.5 million, or 2.5 per cent., from $20.2 million in the first six months of 2015 to $19.7 million in the first six months of 2016. As a percentage of revenue, R&D expenses decreased slightly from 2.5 per cent. in the first six months of 2015 to 2.4 per cent. in the first six months of 2016. On a constant currency basis, R&D expenses increased $0.1 million, or 0.7 per cent. in the first six months of 2016. The increase was primarily driven by regulatory compliance costs and spending on certain development programmes, partially offset by lower FDA remediation costs. On a constant currency basis and excluding FDA remediation and certain costs that are excluded by management in assessing the operating performance of the business, R&D expenses increased $1.0 million, or 5.5 per cent. in the first six months of 2016.

Other costs and net expenses (income)

Finance costs

Finance costs decreased $40.8 million, or 23.7 per cent., from $171.9 million in the first six months of 2015 to $131.1 million in the first six months of 2016. The decrease was primarily due to a loss on extinguishment of debt of $27.8 million resulting from the early redemption of 7.375% senior secured notes due 2017 and the refinancing of credit facilities in June 2015 and a decrease in interest expense of $13.0 million. The decrease in interest expense was driven by the early redemption of the senior secured notes due 2017 and a decrease in non-cash amortisation of debt discounts and deferred financing fees, partially offset by an increase in interest expense driven by incremental borrowings under the Group's credit facilities as a result of the June 2015 refinancing.

Other (income) expense, net

Other income was $23.8 million for the six months ended 30 June 2016, compared with other expense of $43.9 million for the six months ended 30 June 2015, reflecting a change of $67.7 million primarily driven by a foreign exchange net gain related to intercompany transactions, including loans transacted in non-functional currencies, and foreign currency impact on re-measurement of the Group's loans and borrowings denominated in non-functional currency.

Income tax expense

In the first six months of 2016, the Group recorded an income tax expense of $24.1 million on a loss before income taxes of $48.6 million, and in the first six months of 2015 the Group recorded an income tax expense of $10.0 million on a loss before income taxes of $97.0 million. The increase in the provision for income taxes for the six months ended 30 June 2016 as compared to six months ended 30 June 2015 was due to an increase in pre-tax income on includible entities (i.e., entities that do not have a valuation allowance), as well as the change in profit mix among jurisdictions with different tax rates.

Net loss

As a result of the above, net loss decreased $34.3 million, or 32.1 per cent., to a net loss of $72.7 million in the first six months of 2016, compared to a net loss of $107.0 million in the first six months of 2015.

Results of operations for 2015 and 2014

	Year ended 31 December	
	2015	2014
	(audited, reported basis) ($ million)	
Revenue	1,650.4	1,734.2
Cost of goods sold	799.9	826.6
Gross profit	**850.5**	**907.6**
Selling and distribution expenses	346.7	396.8
General and administrative expenses	233.1	249.7
Research and development expenses	40.3	42.2
Operating profit	**230.4**	**218.9**
Finance costs	303.6	294.9
Other expense, net	37.1	23.8
Loss before income taxes	**(110.3)**	**(99.8)**
Income tax (benefit) expense	(16.9)	27.4
Net loss	**(93.4)**	**(127.2)**

Revenue

On a reported basis, revenue decreased $83.8 million, or 4.8 per cent., from $1,734.2 million in 2014 to $1,650.4 million in 2015. On a constant currency basis, revenue increased 4.2 per cent. in 2015, for the reasons set out below.

The following table sets forth the Group's revenue by market franchise for 2015 and 2014 and the percentage change on both a reported and constant currency basis.

	Year ended 31 December		Change on reported basis	Change on constant currency basis[(1)]
	2015	2014		
	(audited) ($ million)		(%)	(%)
Revenue by market franchise				
Advanced Wound Care	536.1	565.8	(5.2)	5.3
Ostomy Care	515.5	568.3	(9.3)	1.3
Continence & Critical Care	348.2	350.7	(0.7)	5.9
Infusion Devices	250.6	249.4	0.5	6.2
Total revenue	**1,650.4**	**1,734.2**	**(4.8)**	**4.2**

Note:

(1) In this table, constant currency financial information has been estimated by applying the applicable average exchange rates in 2014 to the Group's actual performance in 2015. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

Advanced Wound Care

On a reported basis, revenue from the Advanced Wound Care franchise decreased by $29.7 million, or 5.2 per cent., from $565.8 million in 2014 to $536.1 million in 2015. On a constant currency basis, revenue from this franchise increased 5.3 per cent. in 2015, primarily due to sales volume growth across the AQUACEL product family.

Ostomy Care

On a reported basis, revenue from the Ostomy Care franchise decreased by $52.8 million, or 9.3 per cent., from $568.3 million in 2014 to $515.5 million in 2015. On a constant currency basis revenue from the

Ostomy Care franchise increased 1.3 per cent. in 2015, primarily due to increased demand for the Group's Ostomy Care products.

Continence & Critical Care

On a reported basis, revenue from the CCC franchise decreased $2.5 million, or 0.7 per cent., to $348.2 million in 2015 from $350.7 million in 2014. On a constant currency basis, revenue from the CCC franchise increased 5.9 per cent. in 2015, primarily due to increased sales of CCC products resulting from organic growth in sales volumes in the 180 Medical business.

Infusion Devices

On a reported basis, revenue from the Infusion Devices franchise increased $1.2 million, or 0.5 per cent., to $250.6 million in 2015 from $249.4 million in 2014. On a constant currency basis, revenue from the Infusion Devices franchise increased 6.2 per cent. in 2015, primarily driven by sales volume growth in infusion devices partially offset by volume decreases in industrial sales.

Operating costs and expenses

Cost of goods sold

On a reported basis, cost of goods sold decreased $26.7 million, or 3.2 per cent., from $826.6 million in 2014 to $799.9 million in 2015. As a percentage of revenue, cost of goods sold increased from 47.7 per cent. in 2014 to 48.5 per cent. in 2015. On a reported basis, gross margin decreased from 52.3 per cent. in 2014 to 51.5 per cent. in 2015. Adjusted Gross Margin (gross profit excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business in 2015) decreased from 60.4 per cent. in 2014 to 59.6 per cent. in 2015. The decrease as a percentage of revenue was primarily driven by increases in the prices of materials used in manufacturing the Group's products, product mix and foreign exchange impact, partially offset by manufacturing efficiency savings and a Class I recall related to the Flexi-Seal CONTROL Fecal Management System in the prior year. For more detail on the recall, see "*Corrections and Removals*" in paragraph 14 of Part 15 (Additional Information).

Selling and distribution expenses

Selling and distribution expenses decreased $50.1 million, or 12.6 per cent., from $396.8 million in 2014 to $346.7 million in 2015. As a percentage of revenue, selling and distribution expenses decreased from 22.9 per cent. in 2014 to 21.0 per cent. in 2015. On a constant currency basis, selling and distribution expenses decreased $10.0 million, or 2.5 per cent., primarily due to a reduction in compensation costs mainly in the United States.

General and administrative expenses

General and administrative expenses decreased $16.6 million, or 6.6 per cent., from $249.7 million in 2014 to $233.1 million in 2015. As a percentage of revenue, general and administrative expenses decreased from 14.4 per cent. in 2014 to 14.1 per cent. in 2015. On a constant currency basis, general and administrative expenses decreased $17.7 million, or 7.1 per cent. in 2015, primarily due to asset impairment charges of $51.2 million in 2014 mainly related to a goodwill impairment and a decrease in severance costs associated with the closure of the Group's operational headquarters in Skillman, New Jersey in 2014. These decreases were partially offset by an increase in consulting fees, higher share-based compensation expenses, an increase in professional service fees associated with a number of remediation activities that were undertaken to enhance the Group's compliance function and strengthen its control environment within finance, settlement of ordinary course multi-year patent-related litigations (for more detail, see "*Smith & Nephew Patent Litigations and Settlement*" in paragraph 14 of Part 15 (Additional Information)) and incremental compensation and benefit costs. On a constant currency basis and excluding asset impairment charges, restructuring, remediation, litigation settlement losses, share-based compensation and certain other costs that are excluded by management in assessing the operating performance of the business, general and administrative expenses increased $7.8 million, or 5.0 per cent.

Research and development expenses

R&D expenses decreased $1.9 million, or 4.5 per cent., from $42.2 million in 2014 to $40.3 million in 2015. As a percentage of revenue, R&D expenses stayed flat at 2.4 per cent. between 2014 and 2015. On a constant currency basis, R&D expenses increased $0.8 million, or 1.8 per cent. in 2015. The increase was primarily driven by regulatory compliance costs and spending on certain development programmes, partially offset by lower FDA remediation costs and write-off of capitalised development costs in 2014. On a constant currency basis and excluding FDA remediation and certain costs that are excluded by management in assessing the operating performance of the business, R&D expenses increased $11.5 million, or 39.3 per cent. in 2015.

Other costs and net expenses (income)

Finance costs

Finance costs increased $8.7 million, or 3.0 per cent., from $294.9 million in 2014 to $303.6 million in 2015. The increase was primarily due to loss on extinguishment of debt of $27.8 million related to the redemption of senior secured notes due 2017 and the refinancing of the credit facilities in June 2015, offset by a decrease in interest expense of $19.1 million. The decrease in interest expense was primarily driven by the early redemption of the senior secured notes and lower interest expense related to the Group's loans and borrowings denominated in euro as a result of the strengthening of the US dollar, partially offset by incremental borrowings under the credit facilities as a result of the June 2015 refinancing.

Other expense, net

Other expense, net increased $13.3 million, or 55.9 per cent., from an expense of $23.8 million in 2014 to an expense of $37.1 million in 2015. The increase was primarily due to intercompany transactions, including loans transacted in non-functional currencies and foreign currency impact on re-measurement of the Group's loans and borrowings denominated in non-functional currency.

Income tax expense (benefit)

In 2015, the Group recorded an income tax benefit of $16.9 million on a loss before income taxes of $110.3 million, and in 2014 the Group recorded an income tax expense of $27.4 million on a loss before income taxes of $99.8 million. This was primarily the result of a decrease in non-US current tax provision partially offset by increase in US current tax provision coupled with an increase in both non-US and US deferred tax benefit.

Net loss

As a result of the above, net loss decreased $33.8 million, or 26.6 per cent., to a net loss of $93.4 million in 2015, compared to a net loss of $127.2 million in 2014.

Results of operations for 2014 and 2013

	Year ended 31 December	
	2014	2013
	(audited, reported basis) ($ million)	
Revenue	1,734.2	1,700.7
Cost of goods sold	826.6	755.7
Gross profit	**907.6**	**945.0**
Selling and distribution expenses	396.8	374.7
General and administrative expenses	249.7	231.5
Research and development expenses	42.2	31.2
Operating profit	**218.9**	**307.6**
Finance costs	294.9	261.9
Other expense (income), net	23.8	(1.1)
(Loss)/profit before income taxes	**(99.8)**	**46.8**
Income tax expense	27.4	31.6
Net (loss) profit	**(127.2)**	**15.2**

Revenue

On a reported basis, revenue increased $33.5 million, or 2.0 per cent., from $1,700.7 million in 2013 to $1,734.2 million in 2014. On a constant currency basis, revenue increased 2.8 per cent. in 2014, for the reasons set out below.

The following table sets forth the Group's revenue by market franchise for 2014 and 2013 and the percentage change on both a reported and constant currency basis.

	Year ended 31 December		Change on reported basis	Change on constant currency basis[(1)]
	2014	2013		
	(audited) ($ million)		(%)	(%)
Revenue by market franchise				
Advanced Wound Care	565.8	526.0	7.6	8.5
Ostomy Care	568.3	610.3	(6.9)	(6.2)
Continence & Critical Care	350.7	324.0	8.2	9.7
Infusion Devices	249.4	240.4	3.7	3.8
Total revenue	**1,734.2**	**1,700.7**	**2.0**	**2.8**

Note:

(1) In this table, constant currency financial information has been estimated by applying the applicable average exchange rates in 2013 to the Group's actual performance in 2014. For a description of how the Group calculates constant currency, see "*Constant currency adjustments*" in Part 2 (Presentation of Financial and Other Information).

Advanced Wound Care

On a reported basis, revenue from the Advanced Wound Care franchise increased $39.8 million, or 7.6 per cent., to $565.8 million in 2014 from $526.0 million in 2013. On a constant currency basis, Advanced Wound Care revenue increased 8.5 per cent. in 2014, primarily due to sales growth across the AQUACEL product family.

Ostomy Care

On a reported basis, revenue from the Ostomy Care franchise decreased $42.0 million, or 6.9 per cent., from $610.3 million in 2013 to $568.3 million in 2014. On a constant currency basis, Ostomy Care revenue

decreased 6.2 per cent. in 2014, primarily due to the negative impact of a non-recurring realignment of pricing and decreased distributor purchases.

Continence & Critical Care

On a reported basis, revenue from the CCC franchise increased $26.7 million, or approximately 8.2 per cent., to $350.7 million in 2014 from $324.0 million in 2013. On a constant currency basis, CCC revenue increased 9.7 per cent. in 2014, primarily due to increased incremental sales from the Symbius acquisition and organic growth of the 180 Medical business.

Infusion Devices

On a reported basis, revenue from the Infusion Devices franchise increased $9.0 million, or approximately 3.7 per cent., to $249.4 million in 2014 from $240.4 million in 2013. On a constant currency basis, Infusion Devices revenue increased 3.8 per cent. in 2014, primarily driven by volume growth and partially offset by reduced inventory holdings by a major infusion devices customer of the Group.

Operating costs and expenses

Cost of goods sold

Cost of goods sold increased $70.9 million, or 9.4 per cent., from $755.7 million in 2013 to $826.6 million in 2014. As a percentage of revenue, cost of goods sold increased from 44.4 per cent. in 2013 to 47.7 per cent. in 2014. On a reported basis, gross margin decreased from 55.6 per cent. in 2013 to 52.3 per cent. in 2014. Adjusted Gross Margin (gross profit excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business in 2014) decreased from 63.4 per cent. in 2013 to 60.4 per cent. in 2014. The reduced gross margin is primarily related to pricing actions in the United States, product mix and the global recall of the Flexi-Seal CONTROL Fecal Management System, partially offset by manufacturing productivity resulting from benefits realised from executed cost saving initiatives and optimisation efforts. For more detail on the recall, see "*Corrections and Removals*" in paragraph 14 of Part 15 (Additional Information).

Selling and distribution expenses

Selling and distribution expenses increased $22.1 million, or 5.9 per cent., from $374.7 million in 2013 to $396.8 million in 2014. As a percentage of revenue, selling and distribution expenses increased from 22.0 per cent. in 2013 to 22.9 per cent. in 2014. On a constant currency basis, selling and distribution expenses increased $26.1 million, or 7.0 per cent., primarily due to incremental costs associated with the Symbius acquisition, targeted initiatives across most geographic regions resulting in increased sales, especially EMEA and Latin America, partially offset by a reduction in sales personnel and promotional expenses in the United States.

General and administrative expenses

General and administrative expenses increased $18.2 million, or 7.9 per cent., from $231.5 million in 2013 to $249.7 million in 2014. As a percentage of revenue, general and administrative expenses increased from 13.6 per cent. in 2013 to 14.4 per cent. in 2014. On a constant currency basis, general and administrative expenses increased $45.7 million, or 19.8 per cent., primarily due to an increase in asset impairment charges of $26.1 million, incremental costs associated with the Symbius acquisition, an increase in restructuring costs of $9.3 million and additional costs related to professional service fees associated with a number of remediation activities that were undertaken to address material weaknesses and significant deficiencies in the Group's internal financial controls. These increases were partially offset by lower compensation costs as a result of restructuring activities in 2013. Excluding asset impairment charges, restructuring, remediation, share-based compensation and certain other costs that are excluded by management in assessing the operating performance of the business, general and administrative expenses increased by $1.1 million, or 0.7 per cent., on a constant currency basis.

Research and development expenses

R&D expenses increased $11.0 million, or 35.3 per cent., from $31.2 million in 2013 to $42.2 million in 2014. As a percentage of revenue, R&D expenses increased from 1.8 per cent. in 2013 to 2.4 per cent. in 2014. On a constant currency basis, R&D expenses increased by $10.0 million, or 32.1 per cent., primarily

driven by regulatory compliance costs of $7.4 million related to the FDA remediation activities discussed in more detail in paragraph 14.1.1 of Part 15 (Additional Information) and write-off of capitalised development costs in 2014. On a constant current basis and excluding FDA remediation and certain other costs that are excluded by management in assessing the operating performance of the business, R&D expenses decreased by $1.8 million, or 5.9 per cent.

Other costs and net expenses (income)

Finance costs

Finance costs increased $33.0 million, or 12.6 per cent., from $261.9 million in 2013 to $294.9 million in 2014. The increase was primarily due an increase in interest expense of $37.4 million, offset by a loss on extinguishment of debt of $4.4 million resulting from the refinancing of the term loans completed in 2013. The increase in interest expense was primarily driven by incremental borrowings as a result of the issuance of PIK Notes in August 2013, partially offset by lower interest rates related to the term loans as a result of the refinancing transaction completed in 2013.

Other expense (income), net

Other expense, net was $23.8 million in 2014 and Other income, net was $1.1 million in 2013, reflecting a change of $24.9 million, primarily driven by a foreign exchange loss on re-measurement of the Group's loans and borrowings denominated in non-functional currency, partially offset by a foreign exchange gain on intercompany transactions, including loans transacted in non-functional currencies.

Income tax expense

In 2014, the Group recorded an income tax expense of $27.4 million on a loss before income taxes of $99.8 million, and in 2013 the Group recorded an income tax expense of $31.6 million on a profit before income taxes of $46.8 million. The decrease in the income tax expense in 2014 as compared to 2013 was primarily the result of a decrease in foreign current taxes partially offset by favourable deferred tax benefits that were recorded in 2013 for tax rate changes in Denmark and the United Kingdom and decreases in non-US taxes as a result of lower overall Group earnings.

Net (loss) profit

The Group's net loss increased $142.4 million to a net loss of $127.2 million in 2014, compared to a net profit of $15.2 million in 2013, reflecting the factors discussed above.

Liquidity and capital resources

Liquidity describes the ability of a business to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures, debt service obligations, contractual obligations and other commitments and acquisitions. Historically, the non-elective nature of the Group's product offerings has resulted in significant recurring cash inflows sufficient to meet the cash requirements of its business operations, including working capital needs. The Group believes that its existing cash on hand, combined with the Group's operating cash flow and available borrowings under the New Credit Facilities will provide sufficient liquidity to fund current obligations, working capital and capital expenditure requirements, as well as future investment opportunities.

As at 30 June 2016, the Group's cash and cash equivalents were $274.5 million. Additionally, as at 30 June 2016, the Group had $198.6 million available under its revolving credit facility.

Consolidated statement of cash flows

The following table sets forth cash flow information of the Group.

	Six months ended 30 June		Year ended 31 December		
	2016	2015	2015	2014	2013
	(audited)	(unaudited)		(audited)	
			($ million)		
Net cash generated from operating activities	53.0	25.6	100.3	147.6	230.1
Net cash used in investing activities	(27.8)	(14.5)	(36.9)	(89.0)	(36.7)
Net cash (used in) generated from financing activities	(21.5)	4.3	(8.3)	(73.6)	(49.1)
Net change in cash and cash equivalents	3.7	15.4	55.1	(15.0)	144.3
Cash and cash equivalents at beginning of the period	273.0	237.5	237.5	275.4	131.3
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(8.3)	(19.6)	(22.9)	(0.2)
Cash and cash equivalents at end of the period	274.5	244.6	273.0	237.5	275.4

Net cash generated from operating activities

The Group generated net cash from operating activities of $53.0 million in the six months ended 30 June 2016, an increase of $27.4 million compared to $25.6 million in the six months ended 30 June 2015. Cash interest payments increased $0.1 million, to $128.1 million from $128.0 million for the six months ended 30 June 2016 and 2015, respectively, primarily due to incremental borrowings under the Group's credit facilities as a result of the June 2015 refinancing, partially offset by the redemption of the 7.375% senior secured notes in June 2015. For the six months ended 30 June, 2016, the other payments were $19.0 million, an increase of $0.1 million, from $18.9 million for the six months ended 30 June 2015, primarily driven by an increase in payments related to incremental professional service fees mainly associated with corporate development activities and restructuring charges. These payments were partially offset by a decrease in payments related to the Management Equity Plan and remediation and compliance costs. The working capital increase of $12.2 million and $41.4 million for the six months ended 30 June 2016 and 2015, respectively, was primarily related to timing of receipts and payments in the ordinary course of business.

The Group generated net cash from operating activities of $100.3 million in 2015, a reduction of $47.3 million compared to $147.6 million in 2014. Cash interest payments decreased $13.0 million to $257.9 million in 2015 from $270.9 million in 2014, primarily due to the redemption of the secured notes in June 2015 and lower interest payments on the Group's borrowings denominated in euro as a result of the strengthening of the US dollar. These decreases were partially offset by incremental interest payments in 2015 related to the PIK Notes and incremental borrowings under the credit facilities as a result of the June 2015 refinancing. Other payments increased $19.0 million, to $51.3 million in 2015 from $32.3 million in 2014, primarily due to payments related to the Management Equity Plan of $8.4 million in 2015, an increase in payments of $5.6 million, in the aggregate, related to remediation and compliance costs, and a settlement payment made in 2015 related to multi-year patent-related litigations (for more detail, see "*Smith & Nephew Patent Litigations and Settlement*" in paragraph 14 of Part 15 (Additional Information)). These increases were partially offset by a decrease in payments of $8.4 million made towards the settlement of the Medtronic related liabilities and $7.8 million related to restructuring charges. The working capital increase of $22.1 million and $11.1 million in 2015 and 2014, respectively, was primarily related to timing of receipts and payments in the ordinary course of business.

The Group generated net cash from operating activities of $147.6 million in 2014, a reduction of $82.5 million compared to $230.1 million in 2013. Cash interest payments increased $52.9 million, to $270.9 million in 2014 from $218.0 million in 2013, primarily due to aggregate interest payments of $68.6 million in 2014 related to the PIK Notes, partially offset by a decrease in interest payments due to lower debt balances as a result of higher mandatory prepayment made in the three months ended 30 June, 2014 under the Group's credit facilities. Other payments increased $9.4 million to $32.3 million in 2014 from $22.9 million in 2013, primarily due to an increase in payments of $7.8 million towards the settlement of the Medtronic related liabilities, $7.3 million, in the aggregate, related to remediation and compliance costs, and $3.3 million related to restructuring. These increases were partially offset by a decrease in payments related to various corporate development initiatives in 2013, and the 2013 debt refinancing. The

working capital increase of $11.1 million and $50.1 million in 2014 and 2013, respectively, was primarily related to timing of receipts and payments in the ordinary course of business.

Net cash used in investing activities

Net cash used in investing activities was $27.8 million in the six months ended 30 June 2016, an increase of $13.3 million compared to $14.5 million in the six months ended 30 June 2015, primarily driven by an increase in capital expenditure related to implementation of the MIP.

Net cash used in investing activities was $36.9 million in 2015, a reduction of $52.1 million compared to $89.0 million in 2014. This was primarily related to a decrease of $42.5 million related to the Symbius acquisition in January 2014 and a decrease of $8.0 million in capital expenditures primarily as a result of the Group's investment in 180 Medical operations in 2014.

Net cash used in investing activities was $89.0 million in 2014, an increase of $52.3 million compared to $36.7 million in 2013. The increase was primarily driven by the acquisition of Symbius for a net cash purchase price of $42.5 million and an increase in capital expenditures related to the Group's manufacturing facilities located in Deeside, United Kingdom, Herlev, Denmark, Greensboro, United States and Haina, Dominican Republic, as well as its 180 Medical operations.

Net cash (used in) generated from financing activities

For the six months ended 30 June 2016, net cash used in financing activities was $21.5 million, compared with net cash generated from financing activities of $4.3 million for the six months ended 30 June 2015, reflecting a change of $25.8 million, primarily due to net borrowings of $409.4 million under the Group's credit facilities as a result of the refinancing in June 2015 and the March 2016 scheduled amortisation payment of $4.1 million. These decreases were partially offset by $338.5 million paid on the redemption of the Secured Notes in June 2015, a decrease of $26.2 million in mandatory prepayments for excess cash retained in the business, and $22.9 million of deferred financing fees paid (including call premium of $12.5 million paid on the redemption of the Secured Notes in June 2015) in connection with refinancing of the Existing Credit Facilities in June 2015.

Net cash used in financing activities was $8.3 million in 2015, a reduction of $65.3 million compared to $73.6 million in 2014. This was primarily due to an increase of $431.1 million of net borrowings under the Existing Credit Facilities, primarily as a result of the refinancing in June 2015, partially offset by $338.5 million paid on the early redemption of certain senior secured notes in June 2015, and $27.3 million of deferred financing fees paid (including call premium of $12.5 million paid on the early redemption of certain senior secured notes) in connection with refinancing of the Existing Credit Facilities in June 2015.

Net cash used in financing activities was $73.6 million in 2014, an increase of $24.5 million from $49.1 million in 2013. This increase was primarily due to a decrease in borrowings of $919.5 million, in the aggregate driven by the issuance of the PIK Notes in August 2013 and higher mandatory prepayment made in June 2014 under the Existing Credit Facilities, partially offset by dividends paid of $869.2 million in 2013, and $25.9 million of deferred financing fees paid in connection with the issuance of the PIK Notes and the refinancing of the Existing Credit Facilities in 2013.

Capital resources

The Group's principal sources of liquidity are its existing cash and cash equivalents and its cash generated from operations, and going forward will include up to approximately $1,795 million in term loan facilities, which will be constituted by term A loans denominated in US dollars and euros (the "Term A Loan Facilities") and term B loans denominated in US dollars (the "Term B Loan Facility" and together with the Term A Loan Facilities, the "Term Loan Facilities") and a $200.0 million revolving credit facility (the "Revolving Credit Facility") available under the New Credit Facilities. The Group expects to incur expenses of approximately $25.4 million in connection with establishment of the New Credit Facilities. For more information on the Group's New Credit Facilities, see "*New Credit Facilities*" in Part 15 (Additional Information). As at 30 June 2016, the liquidity available to the Group (cash and cash equivalents) was $274.5 million ($198.6 million if the Revolving Credit Facility was available to the Group on 30 June 2016).

Following Admission, the Group will have debt service obligations for the amounts drawn under the New Credit Facilities. In addition, the New Credit Facilities contain customary covenants regarding incurrence of additional indebtedness, creation of liens, restricted payments (including dividends), asset sales,

acquisitions or entry into joint ventures and sales or transfers of assets. For more details on the terms of the New Credit Facilities, see paragraph 10.4 of Part 15 (Additional Information).

As described in Part 14 (Details of the Offer), the Company intends to use the net proceeds from the issue of the New Shares, together with approximately $1,795 million to be drawn under the New Credit Facilities, as follows:

- approximately $900 million (excluding accrued interest) to redeem immediately following Admission all of the PIK Notes at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on PIK Notes of approximately $22.1 million;
- approximately $1,017 million (excluding accrued interest) to redeem on 15 December 2016 all of the Existing Senior Notes at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on the Existing Senior Notes of approximately $39.1 million and €13.6 million;
- approximately $1,593 million (excluding accrued interest) to repay immediately following Admission outstanding amounts under the Group's Existing Credit Facilities plus accrued and unpaid interest of $5.8 million, in the aggregate; and
- approximately $34.7 million to repay immediately following Admission the intercompany loan that was used to fund the redemption of ordinary shares in ConvaTec Healthcare A S.à r.l. held by certain current and former employees of the Group immediately prior to Admission and distribute cash currently held on behalf of those employees.

Together with cash and cash equivalents, this is expected to result in a net debt to Adjusted EBITDA ratio of approximately 3.5x based on Adjusted EBITDA in the twelve months to 30 June 2016. The Directors expect the Group to de-lever meaningfully in the years following Admission, and they are targeting a leverage ratio of net debt to Adjusted EBITDA of less than 2.0x over the medium term. The Directors expect an average cost of borrowing of approximately three per cent. (excluding amortisation expenses relating to upfront debt fees).

Commitments and contingencies

Contractual obligations

The Group's contractual obligations consist mainly of payments related to loans and borrowings and related interest, operating leases and unconditional purchase obligations. The following table summarises the Group's contractual obligations as of 30 June 2016:

	Payments due by period				
	Total	Within 1 year or on demand	1–2 years	2–5 years	More than 5 years
			(audited) ($ million)		
Loans and borrowings, including interest[1]	4,296.3	264.6	258.1	3,773.6	—
Lease obligations[2]	64.5	18.8	14.3	21.8	9.6
Purchase obligations[3]	327.3	82.0	61.9	158.0	25.4
Total	**4,688.1**	**365.4**	**334.3**	**3,953.4**	**35.0**

Notes:

(1) Expected interest payments assume repayment of the principal amount of the debt obligations at maturity.

(2) The above table does not reflect a commitment related to a 15 year finance lease entered in August 2016 with future minimum lease payments of €36.7 million, in aggregate.

(3) Purchase obligations consist of agreements to purchase goods and services that are enforceable and legally binding which primarily include (i) capital expenditures, (ii) minimum inventory purchases and (iii) obligations for warehouse, distribution, freight and services.

Capital expenditure and other commitments

The Group has commitments related to capital expenditure of approximately $12.7 million as of 30 June 2016, primarily related to new manufacturing lines to support the growth of the ostomy care business.

The Group will incur a non-cash charge of $106.4 million in relation to the conversion of shares issued under its legacy Management Equity Plan to Shares of the Company upon Admission. Under applicable accounting rules, the Group expects this charge to be expensed in the following approximate proportions: 70 per cent. in 2016, 25 per cent. in 2017 and five per cent. in 2018. There will be no dilution to Shareholders as a result of this arrangement, and the costs are excluded from the Group's calculation of Adjusted Net Income.

The Directors expect the costs to the Group of being a public listed company to be between $10 million and $15 million per annum, of which approximately one-third will be cash costs. The non-cash costs will predominantly relate to on-going employee share incentive schemes.

Dividend policy

The Directors are targeting a payout ratio of between 35 per cent. and 45 per cent. of Adjusted Net Income over time.

The Directors intend that the Company will pay an interim dividend and a final dividend in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the annual total dividend. The current intention of the Board is that the first dividend to be paid by the Company will be an interim dividend in respect of the six months ended 30 June 2017, based on a target payout ratio of 35 per cent. of the first six months of Adjusted Net Income annualised for a full year.

The Board may periodically reassess the Company's dividend policy to reflect, among other things, the growth prospects, capital efficiency and profitability of the Company, whilst also maintaining appropriate levels of dividend cover.

The Company has not traded since incorporation and, therefore, it proposes to undertake a court-approved capital reduction following Admission in accordance with the Act and the Companies (Reduction of Share Capital) Order 2008 in order to provide it with the distributable reserves required to support the dividend policy described above. The proposed capital reduction will cancel all share premium attaching to the Shares. The capital reduction has been approved (conditional on Admission) by a special resolution of the Company's existing Shareholders and will require the approval of the court.

Quantitative and qualitative disclosures about market risks

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. The Group has established objectives, formal policies and guidelines to manage these financial risks. For a description of the Group's financial risks and financial risk management objectives, see note 16 (and the notes referenced therein) of Part 12 (Historical Financial Information) in this Prospectus.

Critical accounting policies

For a description of the Group's critical accounting judgments and key sources of estimation and uncertainty, see note 2d (and the notes referenced therein) of Part 12 (Historical Financial Information) in this Prospectus.

PART 11
Capitalisation and Indebtedness

Capitalisation

The capitalisation information in the table below has been sourced from the Group's audited historical information as at 30 June 2016, which is the latest practicable date prior to the publication of this Prospectus.

	As at 30 June 2016 ($ million)
Shareholders' equity	
Share capital	2,253.3
Legal reserve	—
Other reserves[1]	(2,723.7)
Total equity	**(470.4)**

Notes:

(1) Other reserves include retained deficit, translation reserve and other.

There has been no material change in the Group's capitalisation since 30 June 2016.

Indebtedness

The following table sets out the Group's net indebtedness as at 31 August 2016. The information has been sourced from the Group's unaudited accounting records as at 31 August 2016, which is the latest practicable date prior to the publication of this Prospectus.

The Group's indebtedness

	As at 31 August 2016 ($ million)
Current debt	
Guaranteed	—
Secured[1]	12.7
Unguaranteed/unsecured	0.6
Total current debt	**13.3**
Non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured[1]	1,595.8
Unguaranteed/unsecured[2]	1,927.2
Total non-current debt	**3,523.0**
Total debt	**3,536.3**

Notes:

(1) Secured debt comprises current and non-current borrowings under the Group's existing credit facilities and has been stated above, net of unamortised issuance costs of $4.2 million, in the aggregate.

(2) Unsecured debt is related to the Group's Senior Notes and has been stated above, net of unamortised issuance costs of $20.9 million, in the aggregate, and finance leases.

There has been no material change in the Group's indebtedness since 31 August 2016.

The Group's net indebtedness

	As at 31 August 2016
	($ million)
Cash	294.3
Cash equivalent	0.8
Trading securities	—
Liquidity	**295.1**
Current financial receivables	—
Current bank debt	—
Other current portion of non-current debt	(13.1)
Other current financial debt	(0.2)
Current financial debt	**(13.3)**
Net current financial indebtedness	281.8
Non-current bank loans	(1,595.8)
Bonds issued	(1,903.1)
Other non-current loans	(24.1)
Non-current financial indebtedness	**(3,523.0)**
Net financial indebtedness	**(3,241.2)**

There has been no material change in the Group's net indebtedness since 31 August 2016.

PART 12
Historical Financial Information

Section A Accountant's report on the Historical Financial Information

Deloitte.

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United Kingdom

The Board of Directors
on behalf of ConvaTec Group Plc
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH
United Kingdom

UBS Limited
5 Broadgate
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26 October 2016

Dear Sirs

Cidron Healthcare Ltd and with its subsidiaries (the "Group")

We report on the financial information of the Group for the three years and six months ended 30 June 2016 set out in Part 12 of the prospectus dated 26 October 2016 of ConvaTec Group Plc (the "Company") (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2d to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation) and is given for the purpose of complying with that requirement and for no other purpose. We have not audited or reviewed the financial information for the six month period ended 30 June 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the

financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 December 2013, 2014, 2015 and 30 June 2016 and of its profits and losses, cash flows and changes in equity for the years ended 31 December 2013, 2014, 2015 and the six month period ended 30 June 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (''DTTL''), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Cidron Healthcare Limited and Subsidiaries

Consolidated Statement of Financial Position

(in Millions)

	Notes	30 June, 2016	30 June, 2015 (unaudited)	31 December, 2015	31 December, 2014	31 December, 2013
Assets						
Property, plant and equipment, net	4	$ 238.4	$ 254.8	$ 251.5	$ 260.4	$ 280.9
Intangible assets	5	1,619.5	1,833.8	1,729.1	1,913.3	2,107.8
Goodwill	6	919.9	842.2	838.1	973.2	1,183.3
Deferred tax assets	7	4.9	6.8	5.3	6.8	17.1
Restricted cash		3.3	5.5	5.7	7.3	7.1
Other assets		21.7	25.1	23.3	22.8	16.0
Non-current assets		**2,807.7**	**2,968.2**	**2,853.0**	**3,183.8**	**3,612.2**
Inventories	9	241.8	240.9	228.9	249.8	253.7
Trade and other receivables	10	244.7	253.1	232.1	241.9	308.2
Prepaid expenses and other current assets		17.3	30.7	23.2	20.0	37.1
Cash and cash equivalents		274.5	244.6	273.0	237.5	275.4
Current assets		**778.3**	**769.3**	**757.2**	**749.2**	**874.4**
Total Assets		**$ 3,586.0**	**$ 3,737.5**	**$ 3,610.2**	**$ 3,933.0**	**$ 4,486.6**
Equity						
Common stock	11	$ 2,253.3	$ 2,253.3	$ 2,253.3	$ 2,253.3	$ 2,253.3
Retained deficit		(2,523.9)	(2,459.6)	(2,448.7)	(2,351.7)	(2,220.7)
Equity reserves		(199.8)	(161.6)	(204.6)	(123.3)	15.1
Total Equity		**(470.4)**	**(367.9)**	**(400.0)**	**(221.7)**	**47.7**
Liabilities						
Loans and borrowings	12,16	3,492.3	3,474.7	3,477.0	3,533.9	3,721.9
Deferred tax liabilities	7	173.1	249.6	186.9	235.2	243.8
Provisions	13	1.2	1.6	1.1	1.9	3.1
Other liabilities		91.0	49.4	59.6	50.4	60.1
Non-current liabilities		**3,757.6**	**3,775.3**	**3,724.6**	**3,821.4**	**4,028.9**
Trade and other payables	16	118.1	101.8	114.5	99.4	122.0
Loans and borrowings	12,16	12.8	55.8	21.5	43.7	73.6
Accrued expenses and other current liabilities		105.7	115.0	98.1	120.2	127.8
Employee benefits		46.9	44.2	43.6	46.5	55.7
Provisions	13	13.6	3.4	3.6	8.3	12.9
Deferred revenue		1.7	9.9	4.3	15.2	18.0
Current liabilities		**298.8**	**330.1**	**285.6**	**333.3**	**410.0**
Total Liabilities		**4,056.4**	**4,105.4**	**4,010.2**	**4,154.7**	**4,438.9**
Total Equity and Liabilities		**$ 3,586.0**	**$ 3,737.5**	**$ 3,610.2**	**$ 3,933.0**	**$ 4,486.6**

The accompanying notes are an integral part of this consolidated historical financial information.

Cidron Healthcare Limited and Subsidiaries

Consolidated Statement of Profit or Loss

(in Millions, except share and per share data)

	Notes	For the six months ended 30 June, 2016	For the six months ended 30 June, 2015 (unaudited)	For the years ended 31 December, 2015	For the years ended 31 December, 2014	For the years ended 31 December, 2013
Revenue		$828.9	$ 802.4	$1,650.4	$1,734.2	$1,700.7
Cost of goods sold	4	430.5	386.4	799.9	826.6	755.7
Gross profit		**398.4**	**416.0**	**850.5**	**907.6**	**945.0**
Selling and distribution expenses		178.1	174.9	346.7	396.8	374.7
General and administrative expenses	4,5,6	141.9	102.1	233.1	249.7	231.5
Research and development expenses	5	19.7	20.2	40.3	42.2	31.2
Operating profit		**58.7**	**118.8**	**230.4**	**218.9**	**307.6**
Finance costs		131.1	171.9	303.6	294.9	261.9
Other (income) expense, net		(23.8)	43.9	37.1	23.8	(1.1)
(Loss) profit before income taxes		**(48.6)**	**(97.0)**	**(110.3)**	**(99.8)**	**46.8**
Income tax expense (benefit)	7	24.1	10.0	(16.9)	27.4	31.6
Net (loss) profit[(i)]		**$ (72.7)**	**$(107.0)**	**$ (93.4)**	**$ (127.2)**	**$ 15.2**
Earnings Per Share						
Basic and diluted (loss)/earnings per common share	8	$ (32.3)	$ (47.5)	$ (41.5)	$ (56.5)	$ 6.7

(i) Attributable to equity holders of the Group and wholly derived from continuing operations.

The accompanying notes are an integral part of this consolidated historical financial information.

Cidron Healthcare Limited and Subsidiaries

Consolidated Statement of Comprehensive (Loss) Income

(in Millions)

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Net (loss) profit[(i)]	**$(72.7)**	**$(107.0)**	**$ (93.4)**	**$(127.2)**	**$15.2**
Other comprehensive income					
Items that will not be reclassified to Statement of Profit and Loss					
Other	0.7	0.4	(0.8)	0.6	1.0
Items that may be reclassified subsequently to Statement of Profit and Loss					
Foreign operations—foreign currency translation differences, net of a tax benefit of $4.3 and a tax expense of $13.6 for six months ended 30 June, 2016 and 2015, respectively, a tax expense of $19.7 and $23.3 in 31 December, 2015 and 2014, respectively, and a tax benefit of $6.5 in 31 December, 2013	1.6	(39.6)	(84.1)	(142.8)	19.1
Other comprehensive income/(loss) for the year, net of taxation[(i)]	2.3	(39.2)	(84.9)	(142.2)	20.1
Total comprehensive (loss) income[(i)]	**$(70.4)**	**$(146.2)**	**$(178.3)**	**$(269.4)**	**$35.3**

(i) Attributable to equity holders of the Group and wholly derived from continuing operations.

The accompanying notes are an integral part of this consolidated historical financial information.

Cidron Healthcare Limited and Subsidiaries

Consolidated Statement of Changes in Equity

(in Millions)

	Common Shares	Retained Deficit	Foreign currency translation	Other reserves	Total
At 1 January, 2013	**$2,253.3**	**$(1,366.7)**	**$ —**	**$(5.0)**	**$ 881.6**
Net profit[(i)]	—	15.2	—	—	15.2
Foreign currency translation adjustment, net of tax[(i)]	—	—	19.1	—	19.1
Dividend paid	—	(869.2)	—	—	(869.2)
Other[(i)]	—	—	—	1.0	1.0
At 31 December, 2013	**2,253.3**	**(2,220.7)**	**19.1**	**(4.0)**	**47.7**
Net loss[(i)]	—	(127.2)	—	—	(127.2)
Foreign currency translation adjustment, net of tax[(i)]	—	(3.8)	(139.0)	—	(142.8)
Other[(i)]	—	—	—	0.6	0.6
At 31 December, 2014	**2,253.3**	**(2,351.7)**	**(119.9)**	**(3.4)**	**(221.7)**
Net loss[(i)]	—	(93.4)	—	—	(93.4)
Foreign currency translation adjustment, net of tax[(i)]	—	(3.6)	(80.5)	—	(84.1)
Other[(i)]	—	—	—	(0.8)	(0.8)
At 31 December, 2015	**$2,253.3**	**$(2,448.7)**	**$(200.4)**	**$(4.2)**	**$(400.0)**
At 1 January, 2015	**$2,253.3**	**(2,351.7)**	**$(119.9)**	**$(3.4)**	**$(221.7)**
Net loss[(i)]	—	(107.0)	—	—	(107.0)
Foreign currency translation adjustment, net of tax[(i)]	—	(0.9)	(38.7)	—	(39.6)
Other[(i)]	—	—	—	0.4	0.4
At 30 June, 2015 ***(unaudited)***	**$2,253.3**	**$(2,459.6)**	**$(158.6)**	**$(3.0)**	**$(367.9)**
At 1 January, 2016	**$2,253.3**	**$(2,448.7)**	**$(200.4)**	**$(4.2)**	**$(400.0)**
Net loss[(i)]	—	(72.7)	—	—	(72.7)
Foreign currency translation adjustment, net of tax[(i)]	—	(2.5)	4.1	—	1.6
Other[(i)]	—	—	—	0.7	0.7
At 30 June, 2016	**$2,253.3**	**$(2,523.9)**	**$(196.3)**	**$(3.5)**	**$(470.4)**

(i) Attributable to equity holders of the Group and wholly derived from continuing operations.

The accompanying notes are an integral part of this consolidated historical financial information.

Cidron Healthcare Limited and Subsidiaries

Consolidated Statement of Cash Flows

(in Millions)

	Notes	For the six months ended 30 June, 2016	For the six months ended 30 June, 2015 (unaudited)	For the years ended 31 December, 2015	2014	2013
Cash flows from operating activities						
Net (loss) profit		$ (72.7)	$ (107.0)	$ (93.4)	$(127.2)	$ 15.2
Adjustments for						
Depreciation	4	21.0	15.2	31.0	35.3	34.7
Amortization	5	72.4	75.0	150.1	157.0	154.5
Income tax expense (benefit)	7	24.1	10.0	(16.9)	27.4	31.6
Impairment losses	4, 5, 6	4.5	—	—	61.7	26.3
Foreign exchange on financing activities		(27.4)	39.9	38.3	22.9	3.5
Finance costs		131.1	171.9	303.6	294.9	261.9
Share-based compensation		32.2	0.3	12.5	(1.3)	9.9
Hyperinflation		4.6	6.5	3.1	3.7	—
Other non-cash adjustments		4.2	(0.2)	3.5	(0.8)	(1.6)
Changes in assets and liabilities:						
Inventories		(8.9)	(4.5)	(3.3)	(22.6)	(46.4)
Trade and other receivables		(8.9)	(23.0)	(11.7)	42.3	(24.7)
Other current assets		(0.3)	3.8	5.4	(7.5)	2.5
Deferred revenue		(2.6)	(5.9)	(10.9)	(2.8)	18.0
Accounts payable and accrued expenses		20.6	(18.1)	(12.9)	(27.9)	(4.1)
Other liabilities		—	1.7	1.8	2.7	(0.7)
Other		1.1	(0.5)	0.2	1.1	0.1
Cash generated from operations		195.0	165.1	400.4	458.9	480.7
Interest paid		(128.1)	(128.0)	(257.9)	(270.9)	(218.0)
Income taxes paid		(13.9)	(11.5)	(42.2)	(40.4)	(32.6)
Net cash generated from operating activities		**53.0**	**25.6**	**100.3**	**147.6**	**230.1**
Cash flows from investing activities						
Acquisition of property, plant and equipment and capitalized software		(30.2)	(12.8)	(36.7)	(44.7)	(38.6)
Proceeds from sale of property, plant and equipment and other assets		0.5	—	—	—	4.1
Acquisition, net of cash acquired		—	—	—	(42.5)	—
Change in restricted cash		2.5	—	(0.8)	1.4	(2.2)
Proceeds/(purchase) of marketable securities		—	—	0.9	(0.9)	—
Proceeds from business divestures		—	—	—	—	0.8
Development expenditure	5	(0.6)	(0.3)	(0.9)	(0.8)	(1.2)
Other		—	(1.4)	0.6	(1.5)	0.4
Net cash used in investing activities		**(27.8)**	**(14.5)**	**(36.9)**	**(89.0)**	**(36.7)**
Cash flows from financing activities						
Proceeds from loans and borrowings, net of discount		—	1,649.9	1,649.9	—	2,349.6
Repayment of borrowings		(21.5)	(1,622.7)	(1,630.9)	(73.6)	(1,503.6)
Payments of deferred financing fees		—	(22.9)	(27.3)	—	(25.9)
Dividend paid		—	—	—	—	(869.2)
Net cash (used in) generated from financing activities		**(21.5)**	**4.3**	**(8.3)**	**(73.6)**	**(49.1)**
Net change in cash and cash equivalents		**3.7**	**15.4**	**55.1**	**(15.0)**	**144.3**
Cash and cash equivalents at beginning of the period		**273.0**	**237.5**	**237.5**	**275.4**	**131.3**
Effect of exchange rate changes on cash and cash equivalents		**(2.2)**	**(8.3)**	**(19.6)**	**(22.9)**	**(0.2)**
Cash and cash equivalents at end of the period		**$ 274.5**	**$ 244.6**	**$ 273.0**	**$ 237.5**	**$ 275.4**
Supplemental cash flow information						
Non-cash investing activities						
Accrued capital expenditures included in accounts payable and accrued expenses		$ 6.7	$ 6.2	$ 8.6	$ 2.0	$ 4.7

The accompanying notes are an integral part of this consolidated historical financial information.

1. General Information

On 1 August, 2008, ConvaTec was acquired by Cidron Healthcare Limited ("Cidron"), an entity owned by Nordic Capital and Avista Capital Partners (the "Equity Sponsors"), from Bristol-Myers Squibb Company ("BMS") (the "ConvaTec Acquisition"). In connection with the ConvaTec Acquisition, Cidron formed a wholly owned subsidiary, ConvaTec Healthcare A S.à r.l. ("CHA"). CHA, a Luxembourg domiciled holding company, incorporated sub-holding companies to purchase the net assets/shares of ConvaTec. Subsequent to the ConvaTec Acquisition, a wholly owned subsidiary of CHA acquired the stock of Unomedical Holdings a/s ("Unomedical") on 2 September, 2008 (the "Unomedical Acquisition"). Throughout this consolidated historical financial information, Cidron and its subsidiaries are referred to collectively as the "Group".

Cidron's registered office is located at 26 Esplanade, St. Helier, Jersey, Channel Islands, JE2 3QA.

The Group develops, manufactures and markets innovative medical technologies, in particular products for ostomy management, advanced chronic and acute wound care, continence care, sterile single-use medical devices for hospitals, and infusion sets used in diabetes treatment infusion devices. Principal brands include AQUACEL®, Natura®, SUR-FIT®, Esteem®, DuoDERM®, Flexi-Seal®, and Unomedical. These products are marketed worldwide, primarily to hospitals, medical professionals, and medical suppliers. The Group relies on an internal sales force, and sales are made through various distributors around the world. The Group manufactures these products in the United States ("U.S."), the United Kingdom ("U.K."), the Dominican Republic, Denmark, Slovakia, Mexico, Belarus, and Malaysia. The Group, through its wholly owned subsidiary, 180 Medical Holdings, Inc. ("180 Medical"), also distributes disposable, intermittent urological catheters to customers in the U.S.

2. Significant Accounting Policies

a. Statement of Compliance

The consolidated historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("E.U.") and complies with the Standards for Investment Reporting (or "SIRs"). This is the Group's first published set of consolidated historical financial information prepared in accordance with IFRS and IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 20—Explanation of Transition to IFRS.

b. Basis of Presentation

The consolidated historical financial information has been prepared on a historical cost basis. The consolidated historical financial information is presented in U.S. Dollars and all values are rounded to the nearest million dollars except where otherwise indicated. Cidron's functional currency is also the U.S. Dollar ("USD").

c. Basis of Consolidation

The consolidated historical financial information includes all subsidiaries controlled by Cidron. Control is achieved when the Group: (i) has power of the investee, (ii) is exposed, or has rights, to variable returns from its involvement in the investee and (iii) has the ability to use its power to affect its returns. All intercompany transactions and balances have been eliminated. The historical financial information of Cidron's subsidiaries is included within the Group's consolidated historical financial information from the date that control commences until the date that control ceases, and are prepared for the same reporting period using consistent accounting policies.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Consideration transferred in respect of the acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed on the date of the acquisition. Identified assets

2. Significant Accounting Policies (Continued)

acquired and liabilities assumed are measured at their respective acquisition-date fair values. The excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is recorded as goodwill.

d. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of historical financial information in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of this historical financial information and the reported amounts of revenues and expenses for the years presented. Estimates and underlying assumptions are reviewed at each statement of financial position date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

Information about assumptions and estimation uncertainties, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period, is included in the following notes:

- Note 2 (e)—sales allowances: estimate of deductions from revenue that are likely to be earned or taken by customers;
- Note 2 (i)—measurement of the allowance for doubtful accounts: estimates of credit losses;
- Note 2 (j)—measurement of the reserve for inventories: estimates of net realizable value;
- Notes 4, 5 and 6—impairment tests: key assumptions underlying the calculation of recoverable amounts;
- Note 7—recognition of deferred tax assets: availability of future profits against which tax losses carried forward can be used;
- Note 14—measurement of share-based payment related liabilities: key assumptions underpinning the fair value measurements; and
- Note 19—recognition and measurement of contingent liabilities: key assumptions about the likelihood and magnitude of an outflow of resources.

e. Revenue Recognition

Revenue for goods sold is recognized to the extent that it is probable that economic benefits will flow to the Group upon transfer to the customer of the significant risks and rewards of ownership and revenue can be reliably measured. Generally, products are insured through delivery and revenue is recognized upon the date of receipt by the customer.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for goods sold in the normal course of business, net of sales discounts and volume rebates. Due to the short term nature of the receivables from sale of goods, the Group measures them at the original invoice amounts without discounting.

Revenues are recorded based on the price specified in the sales contracts, net of value-added tax, and sales rebates and returns estimated at the time of sale. Revenues are reduced at the time of recognition to reflect expected product returns and chargebacks, discounts, rebates and estimated sales allowances based on historical experience and updated for changes in facts and circumstances, as appropriate.

f. Income Taxes

Income tax expense (benefit) comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

2. Significant Accounting Policies (Continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g. Cash and Cash Equivalents

Cash represents cash on hand and cash held at banks. All liquid investments with original maturities of three months or less are considered cash equivalents.

h. Restricted Cash

In certain instances, there are requirements to set aside cash for guarantees on the payment of value added taxes, custom duties on imports, tender programs, and vehicle/office leases by financial institutions on the Group's behalf. Total restricted cash balances were $6.1 million and $9.2 million at 30 June, 2016 and 30 June, 2015 respectively, of which $2.8 million and $3.7 million were current assets included in Prepaid expenses and other current assets within the accompanying Consolidated Statement of Financial Position. Total restricted cash balances were $8.6 million, $7.8 million, $9.1 million and $7.0 million at 31 December, 2015, 2014, 2013 and 1 January, 2013, respectively, of which $2.9 million, $0.5 million, $2.0 million and $2.3 million were current assets included in Prepaid expenses and other current assets within the accompanying Consolidated Statement of Financial Position.

i. Trade and Other Receivables

Credit is extended to customers based on the evaluation of the customer's financial condition. Creditworthiness of customers is evaluated on a regular basis. Trade and other receivables consist of amounts billed and currently due from customers. An allowance for doubtful accounts is maintained for estimated losses that result from the failure or inability of customers to make required payments. In determining the allowance, consideration includes the probability of recoverability based on past experience and general economic factors. Certain trade and other receivables may be fully reserved when specific collection issues are known to exist, such as pending bankruptcy. The Group charges off uncollectible receivables at the time it is determined the receivable is no longer collectable. The Group does not charge interest on past due amounts. The analysis of receivable recoverability is monitored and the bad debt allowances are adjusted accordingly.

Trade and other receivables are generally not collateralized or factored. However, in some instances, the Group does have recourse and non-recourse factoring agreements, where certain trade and other

2. Significant Accounting Policies (Continued)

receivables balances are transferred to unrelated third parties (Refer to Note 10—Trade and Other Receivables for further details). The Group sells its products primarily through an internal sales force and sales are made through various distributors around the world. Credit risk with respect to accounts receivable is generally diversified due to the large dispersion of customers across many different industries and geographies. Exposure to credit risk is managed through credit approvals, credit limits and monitoring procedures.

j. Inventories

Inventories are stated at the lower of cost or net realizable value with the cost principally determined using an average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and indirect production overhead. Production overhead comprise indirect material and labor costs, maintenance and depreciation of the machinery and production buildings used in the manufacturing process as well as costs of production administration and management. Net realizable value is defined as anticipated selling price or anticipated revenue less cost to completion. Estimates of net realizable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realizable values are below inventory costs, a provision corresponding to this difference is recognized. Provisions are also made for obsolescence of products, materials, or supplies that (i) do not meet the Group's specifications, (ii) have exceeded their expiration date, or (iii) are considered slow-moving inventory. The Group evaluates the carrying value of inventories on a regular basis, taking into account such factors as historical and anticipated future sales compared with quantities on hand, the price the Group expects to obtain for products in their respective markets compared with historical cost and the remaining shelf life of goods on hand.

k. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Expenditures for additions, renewals and improvements are capitalized at cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost can be measured reliably. Replacements of major units of property are capitalized and replaced properties are retired. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the Consolidated Statement of Profit or Loss during the period in which they are incurred.

Depreciation is computed on a straight-line method over the estimated useful lives of each part of a property's, plant and equipment item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation commences when the assets become available for productive use, based on the following estimated useful lives:

Buildings	20–50 years
Building equipment and depreciable land improvements	15–40 years
Machinery, equipment and fixtures	5–20 years
Other equipment	3–5 years

Leasehold improvements and assets under finance lease arrangements are amortized over the lesser of the asset's estimated useful life or the term of the respective lease. Maintenance costs are expensed as incurred. Construction-in-progress reflects amounts incurred for property, plant, equipment construction or improvements that have not been placed in service. Interest is capitalized in connection with the construction of qualifying capital assets during the period in which the asset is being installed and prepared for its intended use. Interest capitalization ceases when the construction of the asset is substantially complete and the asset is available for use. Capitalized interest cost is depreciated on a straight-line method over the estimated useful lives of the related assets.

2. Significant Accounting Policies (Continued)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

On disposal of items of property and equipment, the cost and related accumulated depreciation and impairments are removed from the Consolidated Statement of Financial Position and the net amount, less any proceeds, is taken to the Consolidated Statement of Profit or Loss.

l. Intangible Assets

To meet the definition of an intangible asset, an item lacks physical substance and is:

- Identifiable;
- Non-monetary; and
- Controlled by the entity and expected to provide future economic benefits to the entity.

The Group's intangible assets consist of patents/trademarks, technology, licenses, contracts/customer relationships, non-compete agreements, trade names, capitalized software and development costs.

Initial recognition

Intangible assets acquired separately by the Group are measured at cost on initial recognition and those acquired in business combinations are measured at fair value at the date of acquisition. Following initial recognition of the intangible asset, the asset is carried at cost less any subsequent accumulated amortization and accumulated impairment losses.

Purchased computer software and certain costs of information technology projects are capitalized as intangible assets. Software that is integral to computer hardware is capitalized as property, plant and equipment.

The Group follows authoritative guidance on internally generated development costs associated with its system. The costs incurred in the preliminary stages of development are expensed as incurred. Once a project has reached the application development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Costs related to design or maintenance of internal-use software are expensed as incurred. Upgrades and enhancements are capitalized to the extent they will result in added functionality.

The estimated weighted average useful lives of intangible assets amortized using the straight-line method as of 30 June, 2016 are as follows:

	Weighted average useful life (years)
Patents, trademarks and licenses	18
Technology	17
Capitalized software	7
Contracts and customer relationships	15
Non-compete agreements	5
Trade names	10
Development costs	5

The Group has finite-lived and indefinite-lived trade names. Indefinite-lived trade names are not amortized but are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired, either individually or at the cash generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2. Significant Accounting Policies (Continued)

m. Impairment of Non-Monetary Assets including Goodwill

The Group tests goodwill and indefinite-lived intangibles for impairment annually or more frequently, if there are any impairment indicators. However, property, plant and equipment and finite-lived intangibles are tested for impairment only if indicators of impairment are present.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or CGUs. Additionally, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value, less costs of disposal.

Impairment losses are recognized in the Consolidated Statement of Profit or Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the remaining assets in the CGU, on a prorated basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. The Group has not recognized any impairment reversals for the years ended 31 December, 2015, 2014 and 2013.

n. Finance Costs

Finance costs include interest costs, standby fees, and any loss related to debt extinguishment. Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. The capitalized interest recorded for the six months ended 30 June, 2016 and 2015 and for the years ended 31 December, 2015, 2014, 2013 and at 1 January, 2013 were not material. Refer to Note 12—Loans and Borrowings for additional information.

o. Provisions

A provision is recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized. Provisions consist of decommissioning provisions, restructuring provisions, and legal claims and obligations.

The Group does not recognize contingent assets in the statement of financial position. However, if an inflow of economic benefits is probable, then it is appropriately disclosed in the notes to the historical financial information. For a discussion on provisions, refer to Note 13—Provisions and Note 19—Commitments and Contingencies.

p. Research and Development

Research and development expenses are comprised of costs incurred in performing research and development activities including payroll and benefits, clinical manufacturing and pre-launch clinical trial costs, manufacturing development and scale-up costs, product development and regulatory costs, contract services and other outside contractors costs, research license fees, depreciation and amortization of lab facilities, and lab supplies.

Research costs are expensed as incurred. Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic

2. Significant Accounting Policies (Continued)

benefits are probable and the Group intends to and has sufficient resources to complete development and use or sell the asset. Otherwise, development expenditures are expensed as incurred. Subsequent to initial recognition, development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

q. Share-Based Payments

CHA has granted share-based compensation to employees under the Annual Equity Plan ("AEP"), Management Executive Plan ("MEP"), and Management Incentive Plan ("MIP"). Certain features of share-based awards require the awards to be accounted for as liabilities as opposed to equity. Liability awards are required to be updated to fair value at the end of each reporting period until settlement. Share-based compensation cost is measured at the grant date based on the fair value of the award. The fair value of the CHA's equity is estimated using an income approach and further substantiated with a market approach. The income approach is deemed to be the most indicative of CHA's estimated fair value in an orderly transaction between market participants and is consistent with the methodology used for the equity valuation in prior years. Under the income approach, CHA determines fair value using the discounted cash flow method which is based on an analysis of CHA's projected financial information, significant debt-free cash flow assumptions, discount rate, terminal value, and indication of value. Under the market approach, CHA utilizes publicly-traded comparable company information to determine trailing and forward multiples that are used to value its equity for which the Black-Scholes pricing model is utilized. Inherent in the Black-Scholes model are assumptions related to expected volatility, option life, risk- free interest rate and dividend yield. The expected volatility is estimated based on historical volatilities of comparable companies. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the grant date with a term equal to the contractual term of the stock option. Refer to Note 14—Share Based Payments for a further description of the plans and the relevant accounting guidance applied. Share-based compensation is recognized in General and administrative expenses in the Consolidated Statement of Profit or Loss.

r. Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income mostly consists of foreign currency translation adjustments. Reserves are recorded as a component of equity.

s. Financial Instruments

The carrying amounts reflected in the Consolidated Statement of Financial Position for cash and cash equivalents, trade and other receivables, restricted cash, marketable securities, trade and other payable, and certain accrued expenses and other current liabilities approximate fair value due to their short-term maturities. Debt obligations are initially carried at fair value less any directly attributable transaction costs and subsequently at amortized cost.

At initial recognition, the Group classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

i. Financial assets

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at cost, less any accumulated impairment losses.

2. Significant Accounting Policies (Continued)

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

ii. Financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, terminated or expired.

The Group classifies financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

t. Foreign Currency Translation and Transactions

Assets and liabilities of subsidiaries whose functional currency is not the USD are translated into USD at the rate of exchange in effect on the statement of financial position date. The related equity accounts of subsidiaries are translated into USD at the historical rate of exchange. Income and expenses are translated into USD at the average rates of exchange prevailing during the year. Foreign currency gains and losses resulting from the re-measurement or settlement of transaction balances that are denominated in a currency that is not the functional currency of a subsidiary and that are not of a long-term investment nature are classified separately in the Consolidated Statement of Profit or Loss.

IAS 29, Financial Reporting in Hyperinflationary Economies ("IAS 29") requires financial statements to be stated in terms of the measuring unit current at the end of the reporting period whose functional currency is the currency of a hyperinflationary economy. The historical financial information is restated based on the consumer price index ("CPI") before being translated into a different presentation currency. All amounts are translated at the closing exchange rate at the date of the most recent Consolidated Statement of Financial Position. Hyperinflation is indicated by the characteristics of an economy, which includes a cumulative inflation rate over three years that approaches or exceeds 100 percent, sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short and the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency.

Venezuela has been considered as a hyperinflationary economy since 2010. In the consolidated historical financial information, hyperinflation accounting has been applied to Boston Estada (Venezuela based subsidiary) from 2014 onwards, as the Group considered the impact on previous periods to be immaterial. The historical financial information of the subsidiary has been restated for the changes in the CPI (as published by the Central Bank of Venezuela) of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period. This complies with the accounting treatment described in IAS 29. The gain on the net monetary position for the six months ended 30 June, 2016 and 2015 was $4.8 million and $2.9 million, respectively. The gain on the net monetary position for the years ended 31 December, 2015 and 2014 was $9.5 million and $3.1 million, respectively. The following

2. Significant Accounting Policies (Continued)

table summarizes the changes in the Venezuelan CPI for the periods in which hyperinflationary accounting was applied.

Reporting Period	CPI*	Movement from previous reporting period
31 December, 2014	839.5	
30 June, 2015	1,261.6	50.3%
31 December, 2015	2,357.9	86.9%
30 June, 2016	4,269.1	81.1%

* Base period, 31 December, 2007 = 100

u. Employee Benefits

Short term employee benefits include salaries, bonuses, fringe benefits, severance costs, stock compensation and other compensations costs which are paid to the employees by the Group within one year of the period in which the employee provides the related service. These benefits are recognized as an expense upon the rendering of services. The expense recorded in the Consolidated Statement of Profit or Loss for the six months ended 30 June, 2016 and 2015 was $262.2 million and $202.8 million, respectively. The expense recorded in the Consolidated Statement of Profit or Loss for the years ended 31 December 2015, 2014 and 2013 was $414.9 million, $434.9 million and $417.1 million, respectively.

v. Other expense (income), net

Other expense (income), net primarily consists of net gains and losses resulting from the re-measurement or settlement of transactions that are denominated in a currency that is not the functional currency of a transacting subsidiary.

w. Accounting standards and amendments issued but not yet adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated historical financial information is as follows:

IFRS 2, Share-based Payment ("IFRS 2")

In June 2016, the IASB issued amendments to IFRS 2—"Share-based Payment" to clarify the accounting for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the following:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

The amendments are effective for annual periods beginning on or after 1 January, 2018. Earlier application is permitted. The Group is currently evaluating the effect of this amendment on its consolidated historical financial information.

2. Significant Accounting Policies (Continued)

IAS 7, Statement of Cash Flows ("IAS 7")

In January 2016, the IASB issued amendments in IAS 7—"Statement of Cash Flows" to clarify and improve information provided to users of financial statements about an entity's financing activities. The IASB requires that the following changes in liabilities arising from financing activities to be disclosed (to the extent necessary):

- changes from financing cash flows;
- changes arising from obtaining and losing control of subsidiaries or other businesses;
- the effect of changes of foreign exchange rates;
- changes in fair values; and
- other changes.

The amendments are effective for annual periods beginning on or after 1 January, 2017. Earlier application is permitted. Entities need not present comparative information when they first apply the amendments. The Group is currently evaluating the effect of this amendment on its consolidated historical financial information.

IAS 12, Income Taxes ("IAS 12")

In January 2016, the IASB issued amendments to IAS 12—"Income taxes" to clarify the following:

- the carrying value of an asset does not limit the estimation of probable future taxable profits;
- estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- an entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after 1 January, 2017. Earlier application is permitted. The Group is currently evaluating the effect of this amendment on its consolidated historical financial information.

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 replaces the guidance in IAS 39, Financial Instruments: Recognition and measurement ("IAS 39"). The standard includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The new standard is effective 1 January, 2018. The Group is currently evaluating the impact of this standard on its consolidated historical financial information.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

IFRS 15, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively for example, service revenue and contract modifications and improve guidance for multiple-element arrangements. In April 2016, the IASB

2. Significant Accounting Policies (Continued)

issued Clarifications to IFRS 15 Revenue from Contracts with Customers, which clarifies some requirements and provides additional transitional relief for entities that are implementing the standard. IFRS 15 is effective for annual periods beginning on or after 1 January, 2018 and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach. The Group is currently evaluating the impact of this standard on its consolidated historical financial information.

Amendments to IAS 1, Presentation of Financial Statements ("IAS 1"): Disclosure Initiative

The amendments to IAS 1, gives some guidance on how to apply the concept of materiality in practice. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January, 2016. The Group has concluded that the application of these amendments to IAS 1 have no impact on its consolidated historical financial information.

Amendments to IAS 38, Intangible Assets ("IAS 38"): Clarification of Acceptable Methods of Amortization

The amendments to IAS 38, introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January, 2016. Currently, the Group uses the straight-line method for amortization of its intangible assets. The Group believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Group has concluded that the application of the amendments to IAS 38 have no impact on its consolidated historical financial information.

Amendments to IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12") and IAS 28, Investment in Associates and Joint Ventures ("IAS 28") Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10, IFRS 12 and IAS 28 clarify that the exemption from preparing consolidated historical financial information is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The Group does not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have any impact on its consolidated historical financial information as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued by IASB on 13 January, 2016, and will replace IAS 17, Leases and related interpretation on leases.

IFRS 16 will require a lessee to recognize a right-of-use asset and lease liability for all leases with a term of more than 12 months. The standard will also require that the depreciation of leased assets is recorded separately from the interest on lease liabilities. For lessors, IFRS 16 substantially carries forward the

2. Significant Accounting Policies (Continued)

requirements of IAS 17. IFRS 16 also aligns the definition of a lease with the control based approach in IFRS 15.

Companies can elect to use a retrospective approach with a restatement of comparative information or a retrospective approach with the cumulative effect of initial application shown in retained earnings instead of a restatement of the comparative information.

The standard is effective for annual periods beginning on or after 1 January, 2019. Earlier application of the standard is permitted if it is applied in conjunction with IFRS 15. The Group is currently evaluating the impact of IFRS 16 on its consolidated historical financial information.

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") introduces specific guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7") provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19, Employee Benefits ("IAS 19") clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The amendments apply prospectively for annual periods beginning on or after 1 January, 2016. The Group has concluded that the application of these amendments have no impact on its consolidated historical financial information.

3. Business Combination

In accordance with the Group's business strategy to selectively pursue strategic and complementary acquisitions, the Group has acquired the business, as described below. The acquisition is included in the consolidated historical financial information from the acquisition date.

On 1 January, 2014, the Group through its subsidiary, 180 Medical, acquired Symbius Medical, LLC ("Symbius"), a U.S. based home medical supply company for a total consideration of $44.0 million, including $1.3 million of the cash and cash equivalents acquired. Of the consideration paid, $3.5 million was initially funded into escrow, primarily to satisfy potential future indemnity obligations, of which $0.5 million was released in 2014 and the remaining escrow balance of $3.0 million was released in 2015. Symbius provides urological and other medical supplies nationally, as well as durable medical equipment on a regional basis. The addition of Symbius extended the Group's ability to serve customers directly.

3. Business Combination (Continued)

The transaction has been accounted for in accordance with the acquisition method of accounting. The purchase price allocation of the acquisition resulted in the following:

	Amounts Recognized
Property, plant and equipment, net	$ 1.1
Intangible assets[a]	17.7
Inventories	1.5
Trade and other receivables[b]	4.7
Prepaid expenses and other current assets	0.5
Cash and cash equivalents	1.3
Total assets acquired	26.8
Current liabilities	(4.1)
Total liabilities assumed	(4.1)
Goodwill arising on acquisition[c]	21.3
Net assets acquired	**$44.0**

(a) The following table summarizes the fair values and associated useful lives assigned to intangible assets:

	Weighted Average Useful Life	Amounts Recognized
Finite-lived intangible assets:		
Patents, trademarks, and licenses	3 years	$ 0.4
Contracts and customer relationships[1]	8.5 years	13.0
Non-compete agreements[1]	5 years	2.7
		16.1
Indefinite-lived intangible assets:		
Trade name	Indefinite lived	1.6
Total Intangible Assets		**$17.7**

(1) In the fourth quarter of 2014, the Group recognized impairment charges of $3.7 million, in the aggregate, related to these intangible assets. Refer to Note 5—Intangible Assets for further information.

(b) The fair value of trade receivables acquired was $4.7 million, with the gross contractual amount being $6.8 million, of which $2.1 million is expected to be uncollectible.

(c) The goodwill from the acquisition consists of $1.3 million arising from assembled workforce and the remaining $20.0 million from synergies and economies of scale which are expected from the combined operations of 180 Medical and Symbius. Goodwill of $19.7 million is deductible for tax purposes.

The table below sets forth the valuation technique and amortization period of identifiable intangible assets as of the acquisition date:

Asset	Fair Value	Amortization Period	Valuation Technique
Patient Prescription Files	$8.5	12 years	Multi-Period Excess Earnings
Payor Relationships	$4.5	2 years	With-and-Without
Licenses	$0.4	3 years	Replacement Cost
Symbius Trade Name	$1.6	Indefinite	Relief-From-Royalty
Non-Compete Agreements	$2.7	5 years	With-and-Without

4. Property, Plant and Equipment, Net

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	Building and Building Equipment	Machinery, Equipment and Fixtures	Construction in Progress	Total
1 January, 2013	**$27.1**	**$120.7**	**$290.9**	**$ 76.9**	**$515.6**
Additions	—	2.3	1.0	35.6	38.9
Impairments/write offs	(6.8)	(18.1)	(3.8)	(0.5)	(29.2)
Disposals	(0.8)	(1.7)	(0.6)	—	(3.1)
Transfers	—	14.3	59.1	(73.4)	—
Foreign exchange impact	0.1	(0.3)	5.0	1.4	6.2
31 December, 2013	**19.6**	**117.2**	**351.6**	**40.0**	**528.4**
Additions	—	14.3	0.7	25.7	40.7
Acquisitions (See Note 3)	—	—	1.1	—	1.1
Impairments/write offs	—	(2.7)	(8.6)	—	(11.3)
Disposals	—	(0.5)	(1.6)	—	(2.1)
Transfers	—	4.3	39.7	(44.0)	—
Foreign exchange impact	—	(13.2)	(32.4)	6.3	(39.3)
31 December, 2014	**19.6**	**119.4**	**350.5**	**28.0**	**517.5**
Additions	0.2	0.4	1.8	37.6	40.0
Impairments/write offs	—	(0.2)	(3.5)	(0.7)	(4.4)
Disposals	—	(1.2)	(8.6)	—	(9.8)
Transfers	0.8	1.5	16.2	(18.5)	—
Foreign exchange impact	(0.9)	(4.5)	(23.3)	(2.3)	(31.0)
31 December, 2015	**$19.7**	**$115.4**	**$333.1**	**$ 44.1**	**$512.3**

Property, Plant & Equipment at Cost	Land & Land Improvements	Building and Building Equipment	Machinery, Equipment and Fixtures	Construction in Progress	Total
1 January, 2015	**$19.6**	**$119.4**	**$350.5**	**$ 28.0**	**$517.5**
Additions	—	0.1	1.0	15.5	16.6
Impairments/write offs	—	(0.1)	(0.9)	—	(1.0)
Disposals	—	—	(1.3)	—	(1.3)
Transfers	—	0.4	4.3	(4.7)	—
Foreign exchange impact	(0.5)	(0.2)	(12.3)	—	(13.0)
30 June, 2015 ***(unaudited)***	**$19.1**	**$119.6**	**$341.3**	**$ 38.8**	**$518.8**
1 January, 2016	**$19.7**	**$115.4**	**$333.1**	**$ 44.1**	**$512.3**
Additions	—	0.6	1.1	24.3	26.0
Impairments/write offs	(1.3)	(4.0)	(2.5)	(3.9)	(11.7)
Disposals	—	(0.5)	(6.1)	—	(6.6)
Transfers	—	2.8	7.6	(10.4)	—
Foreign exchange impact	(0.8)	(4.3)	(7.6)	(2.2)	(14.9)
30 June, 2016	**$17.6**	**$110.0**	**$325.6**	**$ 51.9**	**$505.1**

4. Property, Plant and Equipment, Net (Continued)

Accumulated Depreciation	Land & Land Improvements	Building and Building Equipment	Machinery, Equipment and Fixtures	Construction in Progress	Total
1 January, 2013	**$ 0.8**	**$38.3**	**$173.6**	**$—**	**$212.7**
Depreciation	0.1	5.9	28.7	—	34.7
Disposals	—	(0.3)	(0.6)	—	(0.9)
Write offs	—	—	(2.9)	—	(2.9)
Foreign exchange impact	—	0.1	3.8	—	3.9
31 December, 2013	**0.9**	**44.0**	**202.6**	**—**	**247.5**
Depreciation	0.1	4.7	30.5	—	35.3
Disposals	—	(0.3)	(1.6)	—	(1.9)
Write offs	—	(1.0)	(3.9)	—	(4.9)
Foreign exchange impact	—	(2.4)	(16.5)	—	(18.9)
31 December, 2014	**1.0**	**45.0**	**211.1**	**—**	**257.1**
Depreciation	0.1	4.5	26.4	—	31.0
Disposals	—	(1.2)	(8.6)	—	(9.8)
Write offs	—	(0.2)	(2.2)	—	(2.4)
Foreign exchange impact	(0.1)	(1.1)	(13.9)	—	(15.1)
31 December, 2015	**$ 1.0**	**$47.0**	**$212.8**	**$—**	**$260.8**

Accumulated Depreciation	Land & Land Improvements	Building and Building Equipment	Machinery, Equipment and Fixtures	Construction in Progress	Total
1 January, 2015	**$1.0**	**$45.0**	**$211.1**	**$—**	**$257.1**
Depreciation	—	2.0	13.2	—	15.2
Disposals	—	—	(1.2)	—	(1.2)
Write offs	—	(0.1)	(0.6)	—	(0.7)
Foreign exchange impact	—	1.4	(7.8)	—	(6.4)
30 June, 2015 ***(unaudited)***	**$1.0**	**$48.3**	**$214.7**	**$—**	**$264.0**
1 January, 2016	**$1.0**	**$47.0**	**$212.8**	**$—**	**$260.8**
Depreciation	0.4	5.8	14.8	—	21.0
Disposals	—	(0.5)	(6.0)	—	(6.5)
Write offs	—	(0.9)	(1.8)	—	(2.7)
Foreign exchange impact	—	(1.3)	(4.6)	—	(5.9)
30 June, 2016	**$1.4**	**$50.1**	**$215.2**	**$—**	**$266.7**

4. Property, Plant and Equipment, Net (Continued)

Net Carrying Amount	Land & Land Improvements	Building and Building Equipment	Machinery, Equipment and Fixtures	Construction in Progress	Total
1 January, 2013	**$26.3**	**82.4**	**117.3**	**76.9**	**$302.9**
31 December, 2013	**$18.7**	**73.2**	**149.0**	**40.0**	**$280.9**
31 December, 2014	**$18.6**	**74.4**	**139.4**	**28.0**	**$260.4**
31 December, 2015	**$18.7**	**68.4**	**120.3**	**44.1**	**$251.5**
30 June, 2015 ***(unaudited)***	**$18.1**	**71.3**	**126.6**	**38.8**	**$254.8**
30 June, 2016	**$16.2**	**59.9**	**110.4**	**51.9**	**$238.4**

The Group recorded impairment and write-off charges on PP&E of $9.0 million and $0.3 million for the six months ended 30 June, 2016 and 2015, respectively. The charges recorded for the six months ended 30 June, 2016 were primarily related to (i) an impairment of $4.4 million included in General and administrative expenses, related to the Group's former corporate facility located in Skillman, New Jersey and (ii) an asset write-off of $3.9 million, included in Cost of goods sold, related to restructuring activities associated with the closure of the Group's manufacturing operations in Greensboro, U.S., which are described further in Note 13—Provisions.

The Group recorded impairment and write-off charges on PP&E of $2.0 million, $6.4 million and $26.3 million for the years ended 31 December, 2015, 2014, and 2013, respectively. In the year ended 31 December, 2014, the Group recorded in Cost of goods sold a write-off of $3.2 million on machinery, equipment and fixtures related to the manufacturing facility located in Rhymney, U.K. In 2013, the Group recorded an impairment of $24.8 million included in General and administrative expenses, related to the restructuring of operations at a corporate facility located in Skillman, New Jersey. Asset impairment charges were measured at fair value less costs to sell (market value approach) using significant unobservable inputs that are categorized as Level 3 under the fair value hierarchy, which is described further in Note 15—Fair Value Measurements.

5. 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 & licenses	Technology	Capitalized software	Contracts & customer relationship	Non-compete agreements	Trade names	Development costs	Total
At 1 January, 2013	**$2,030.1**	**$250.8**	**$77.4**	**$245.6**	**$ 3.5**	**$257.0**	**$11.3**	**$2,875.7**
Additions	—	0.1	—	—	—	—	1.2	1.3
Foreign exchange impact[a]	12.9	5.7	(0.1)	4.4	—	0.8	0.5	24.2
At 31 December, 2013	**2,043.0**	**256.6**	**77.3**	**250.0**	**3.5**	**257.8**	**13.0**	**2,901.2**
Acquisitions (See Note 3)	0.4	—	—	13.0	2.7	1.6	—	17.7
Additions	—	—	1.3	—	—	—	0.8	2.1
Disposals	—	—	—	—	—	—	(0.3)	(0.3)
Impairments[b]	—	—	—	(3.2)	(0.5)	—	(5.2)	(8.9)
Foreign exchange impact[a]	(41.8)	(17.8)	1.2	(13.4)	—	(2.2)	(1.4)	(75.4)
At 31 December, 2014	**2,001.6**	**238.8**	**79.8**	**246.4**	**5.7**	**257.2**	**6.9**	**2,836.4**
Additions	—	—	3.3	—	—	—	0.9	4.2
Transfer	(12.3)	—	—	12.3	—	—	—	—
Foreign exchange impact[a]	(35.3)	(14.5)	(0.1)	(11.3)	—	(1.7)	(0.7)	(63.6)
At 31 December, 2015	**$1,954.0**	**$224.3**	**$83.0**	**$247.4**	**$ 5.7**	**$255.5**	**$ 7.1**	**$2,777.0**

5. Intangible Assets (Continued)

Intangibles at Cost	Patents, trademarks & licenses	Technology	Capitalized software	Contracts & customer relationship	Non-compete agreements	Trade names	Development costs	Total
At 1 January, 2015	**$2,001.6**	**$238.8**	**$79.8**	**$246.4**	**$ 5.7**	**$257.2**	**$ 6.9**	**$2,836.4**
Additions	—	—	0.4	—	—	—	0.3	0.7
Foreign exchange impact[a]	5.7	(3.9)	0.1	(8.1)	—	(1.3)	(0.6)	(8.1)
At 30 June, 2015 *(unaudited)*	**$2,007.3**	**$234.9**	**$80.3**	**$238.3**	**$ 5.7**	**$255.9**	**$ 6.6**	**$2,829.0**
At 1 January, 2016	**$1,954.0**	**$224.3**	**$83.0**	**$247.4**	**$ 5.7**	**$255.5**	**$ 7.1**	**$2,777.0**
Additions	—	—	2.3	—	—	—	0.6	2.9
Disposals[c]	—	—	(0.2)	(4.5)	—	—	—	(4.7)
Impairments	—	—	—	—	—	—	(0.1)	(0.1)
Foreign exchange impact[a]	(59.8)	(11.9)	(0.2)	1.3	(0.1)	0.5	0.2	(70.0)
At 30 June, 2016	**$1,894.2**	**$212.4**	**$84.9**	**$244.2**	**$ 5.6**	**$256.0**	**$ 7.8**	**$2,705.1**

(a) Primarily related to intangible assets denominated in British Pound Sterling.

(b) In the fourth quarter of 2014, due to the loss of patients as a result of the alleged violation of non-compete clauses by certain former employees, the Group performed an impairment test on certain of the Symbius intangible assets. The recoverable amount measurement was categorized as Level 3 fair value based on the inputs in the valuations techniques used. As a result, the Group recognized an impairment charge of $3.7 million in General and administrative expenses, in the aggregate, related to the Symbius' intangible assets. Refer to Note 3—Business Combination for further details related to the intangible assets acquired in connection with the Symbius acquisition in 2014. Furthermore, during the year ended 31 December, 2014, capitalized development costs of $5.2 million were written off due to the cancellation of a development project.

(c) During the six months ended 30 June, 2016, the Group disposed of fully amortized intangible assets related to contracts and customer relationships acquired in connection with the Symbius acquisition in 2014.

Accumulated amortization	Patents, trademarks & licenses	Technology	Capitalized software	Contracts & customer relationship	Non-compete agreements	Trade names	Development costs	Total
1 January, 2013	**$493.6**	**$61.0**	**$37.7**	**$35.7**	**$0.4**	**$0.1**	**$ 1.4**	**$ 629.9**
Amortization	112.0	14.9	8.7	16.0	0.8	0.5	1.6	154.5
Foreign exchange	5.2	2.2	—	1.5	—	—	0.1	9.0
31 December, 2013	**610.8**	**78.1**	**46.4**	**53.2**	**1.2**	**0.6**	**3.1**	**793.4**
Amortization	114.0	15.3	6.2	18.5	1.3	0.5	1.2	157.0
Foreign exchange	(14.7)	(6.5)	—	(5.8)	—	—	(0.3)	(27.3)
31 December, 2014	**710.1**	**86.9**	**52.6**	**65.9**	**2.5**	**1.1**	**4.0**	**923.1**
Amortization	110.3	14.0	5.6	17.7	1.0	0.5	1.0	150.1
Transfer	(2.9)	—	—	2.9	—	—	—	—
Foreign exchange	(13.8)	(5.9)	(0.2)	(5.0)	—	—	(0.4)	(25.3)
31 December, 2015	**$803.7**	**$95.0**	**$58.0**	**$81.5**	**$3.5**	**$1.6**	**$ 4.6**	**$1,047.9**

Accumulated amortization	Patents, trademarks & licenses	Technology	Capitalized software	Contracts & customer relationship	Non-compete agreements	Trade names	Development costs	Total
1 January, 2015	**$710.1**	**$86.9**	**$52.6**	**$65.9**	**$ 2.5**	**$ 1.1**	**$ 4.0**	**$ 923.1**
Amortization	55.5	7.0	2.8	8.5	0.5	0.2	0.5	75.0
Foreign exchange	2.6	(1.6)	—	(3.6)	—	—	(0.3)	(2.9)
30 June, 2015 *(unaudited)*	**$768.2**	**$92.3**	**$55.4**	**$70.8**	**$ 3.0**	**$ 1.3**	**$ 4.2**	**$ 995.2**
1 January, 2016	**$803.7**	**$95.0**	**$58.0**	**$81.5**	**$ 3.5**	**$ 1.6**	**$ 4.6**	**$1,047.9**
Amortization	54.0	6.8	2.9	7.7	0.5	0.2	0.3	72.4
Disposals	—	—	(0.2)	(4.5)	—	—	—	(4.7)
Foreign exchange	(25.7)	(4.9)	(0.1)	0.8	(0.1)	(0.1)	0.1	(30.0)
30 June, 2016	**$832.0**	**$96.9**	**$60.6**	**$85.5**	**$ 3.9**	**$ 1.7**	**$ 5.0**	**$1,085.6**

5. Intangible Assets (Continued)

Net carrying amounts	Patents, trademarks & licenses	Technology	Capitalized software	Contracts & customer relationship	Non-compete agreements	Trade names	Development costs	Total
1 January, 2013	**$1,536.5**	**189.8**	**39.7**	**209.9**	**3.1**	**256.9**	**9.9**	**$2,245.8**
31 December, 2013	**$1,432.2**	**178.5**	**30.9**	**196.8**	**2.3**	**257.2**	**9.9**	**$2,107.8**
31 December, 2014	**$1,291.5**	**151.9**	**27.2**	**180.5**	**3.2**	**256.1**	**2.9**	**$1,913.3**
31 December, 2015	**$1,150.3**	**129.3**	**25.0**	**165.9**	**2.2**	**253.9**	**2.5**	**$1,729.1**
30 June, 2015 *(unaudited)*	**$1,239.1**	**142.6**	**24.9**	**167.5**	**2.7**	**254.6**	**2.4**	**$1,833.8**
30 June, 2016	**$1,062.2**	**115.5**	**24.3**	**158.7**	**1.7**	**254.3**	**2.8**	**$1,619.5**

The carrying amount of indefinite-lived trade names was $251.2 million and $251.1 million, at 30 June, 2016 and 2015, respectively. The carrying amount of indefinite-lived trade names was $250.7 million, $252.4 million, $253.0 million and $252.2 million at 31 December, 2015, 2014, 2013 and 1 January 2013, respectively. Each of these trade names is considered to have an indefinite life, given the strength and durability of the trade name and the level of marketing support. The trade names are in relatively similar stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares mean that the risk of market-related factors causing a reduction in the lives of the trade names is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit their useful lives. Accordingly, these indefinite-lived trade names are not amortized.

The carrying values of indefinite-lived intangible assets (i.e. indefinite-lived trade names) allocated to each of the Group's CGUs at 30 June, 2016 and 2015 and at 31 December, 2015, 2014, 2013 and at 1 January, 2013 were as follows:

CGUs	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Americas	$234.6	$234.6	$234.6	$234.6	$234.6	$234.6
180 Medical	1.6	1.6	1.6	1.6	—	—
EMEA	—	—	—	0.9	2.7	2.0
ID	12.9	12.8	12.7	13.2	13.4	12.7
IS	2.1	2.1	1.8	2.1	2.3	2.9
Indefinite-lived Intangible Assets	**$251.2**	**$251.1**	**$250.7**	**$252.4**	**$253.0**	**$252.2**

In 2015, 2014 and 2013, the Group performed its annual CGU-based impairment tests in respect of indefinite-lived intangible assets and determined that none of its indefinite-lived intangible assets were impaired. Refer to Note 6—Goodwill for details of the annual CGU-based impairment tests. There were no impairment indicators noted in the period ended 30 June, 2016 that gave rise to the need to perform a full impairment test.

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

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Cost of goods sold	$63.1	$64.5	$129.1	$134.6	$132.6
General and administrative expenses	9.3	10.5	21.0	22.4	21.9
Total amortization expense	**$72.4**	**$75.0**	**$150.1**	**$157.0**	**$154.5**

6. Goodwill

The changes in the carrying value of goodwill for the six months ended 30 June, 2016 and 2015 and for the years ended 31 December, 2015, 2014, and 2013 were as follows:

	Total
1 January, 2013	**$1,127.8**
Effect of foreign currency translation rates	55.5
31 December, 2013	**1,183.3**
Acquisition[1]	21.3
Impairment	(46.4)
Effect of foreign currency translation rates	(185.0)
31 December, 2014	**973.2**
Effect of foreign currency translation rates	(135.1)
31 December, 2015	**$ 838.1**
1 January, 2015	**$ 973.2**
Effect of foreign currency translation rates	(131.0)
30 June, 2015 ***(unaudited)***	**$ 842.2**
1 January, 2016	**$ 838.1**
Effect of foreign currency translation rates	**81.8**
30 June, 2016	**$ 919.9**

(1) Relates to the Symbius acquisition. Refer to Note 3—Business Combination for further information.

The Group has completed an evaluation of goodwill for impairment for each CGU or groups of CGUs (hereafter referred to as individual CGUs for ease of reference) and compared the carrying amount of each CGU with its recoverable amount. All of the Group's corporate assets have been allocated to the following CGUs for the purpose of impairment testing: (i) Americas, (ii) 180 Medical, (iii) Europe, Middle East and Africa ("EMEA"), (iv) Asia-Pacific ("APAC"), (v) Infusion Devices ("ID"), and (vi) Industrial Sales ("IS"). The Group has no unallocated assets.

The carrying value of goodwill for each respective CGU at 30 June, 2016 and 2015 and at 31 December, 2015, 2014, 2013 and at 1 January, 2013 was as follows:

	30 June,		31 December,			1 January,
CGUs	2016	2015	2015	2014	2013	2013
		(unaudited)				
Americas	$ 15.1	$ 15.9	$ 16.1	$ 16.4	$ 17.4	$ 16.5
180 Medical	238.9	239.0	238.3	240.7	221.3	221.3
EMEA	577.5	499.0	496.8	622.3	791.2	733.1
APAC	—	—	—	—	49.3	56.6
ID	49.7	49.7	48.6	53.7	60.8	58.4
IS	38.7	38.6	38.3	40.1	43.3	41.9
Goodwill	**$919.9**	**$842.2**	**$838.1**	**$973.2**	**$1,183.3**	**$1,127.8**

The recoverable amounts of the CGUs were estimated based on the higher of fair value less costs to sell and value in use. The Group determines value in use based on estimated future cash flows of each CGU discounted by an estimated weighted average cost of capital, reflecting the overall level of inherent risk of a CGU and the rate of return an outside investor would expect to earn. Determining the estimated recoverable amount of a CGU is judgmental in nature and requires the use of significant estimates and assumptions, including estimated future cash flows and discount rates.

6. Goodwill (Continued)

Future cash flows are determined using forecasts over seven years which is considered by the Group as a reasonable period given the long development and life cycle of its products. Such forecasts are based on the revenue growth, earnings and strategy plans. These forecasts are based on specific assumptions for each CGU during the planning period with respect to revenue, results of operations, working capital, capital investments and other general assumptions for the projected period. The forecast assumptions are based on the historical results of each CGU combined with external market information. The key assumptions used in the estimation of value in use were as follows:

	31 December,			1 January,
In percent	2015	2014	2013	2013
Discount rate (after-tax)				
Americas	12.0	11.5	11.5	11.5
180 Medical	14.0	15.0	15.5	11.5
EMEA	12.0	11.0	11.0	11.5
APAC	13.5	12.0	11.0	11.5
ID	15.5	15.5	15.5	11.5
IS	13.0	13.5	13.5	11.5
Terminal value growth rate	2.0	2.0	2.0	2.0

In 2014, based on the annual impairment test performed, the Group concluded that the APAC CGU was impaired and accordingly, recorded $46.4 million of impairment loss in General and administrative expenses. This goodwill impairment arose due to revised estimates of revenues and profitability, based on actual and anticipated future performance trends.

In 2015 and 2013, the Group performed its annual goodwill impairment tests and determined that there was no goodwill impairment. Furthermore, at the date of transition to IFRS (January 1, 2013), the Group performed a goodwill impairment test and determined that there was no impairment.

7. Income Taxes

A. Tax on (loss) profit for the year

Current tax on the net (loss) profit for the year is recognized as an expense in the Consolidated Statement of Profit or Loss, along with any change in the provision for deferred tax.

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Current					
Current year	$26.3	$ 6.2	$ 39.6	$ 38.7	$ 38.1
Adjustment for prior years	—	—	(0.7)	0.1	6.9
Total current tax expense	**26.3**	**6.2**	**38.9**	**38.8**	**45.0**
Deferred					
Origination and reversal of temporary differences	(2.4)	3.8	(48.2)	(11.9)	12.1
Change in tax rate	0.2	—	(7.0)	(0.7)	(24.4)
Adjustment for prior years	—	—	(0.6)	1.2	(1.1)
Total deferred tax (benefit) expense	(2.2)	3.8	(55.8)	(11.4)	(13.4)
Tax expense (benefit)	**$24.1**	**$10.0**	**$(16.9)**	**$ 27.4**	**$ 31.6**

7. Income Taxes (Continued)

B. Reconciliation of effective tax rate

The reconciliation of tax expense (benefit) and the accounting result multiplied by the U.S. statutory tax rate for the six months ended 30 June, 2016 and 2015 and for years ended 31 December, 2015, 2014 and 2013 was as follows:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
(Loss) profit before income taxes	**$(48.6)**	**$(97.0)**	**$(110.3)**	**$(99.8)**	**$ 46.8**
U.S. statutory rate	(17.0)	(34.0)	(38.6)	(34.9)	16.4
U.S. state taxes, net of federal effect	1.7	2.0	2.2	2.9	(3.2)
Foreign income taxes at different rates	(35.7)	14.3	12.8	(17.7)	(94.4)
Foreign permanent items and tax credits	0.8	(33.6)	(13.9)	6.9	7.8
U.S. permanent items and tax credits	11.4	0.4	5.9	5.0	(7.2)
U.S. and foreign uncertain tax positions	0.3	1.3	(0.2)	0.2	2.2
Repatriation of foreign income	0.4	0.8	(18.1)	2.8	6.7
Deferred impact of tax rate changes	0.2	0.1	(7.0)	(0.7)	(24.4)
Current-year losses for which no deferred tax asset is recognized	62.6	57.5	37.2	57.0	132.0
Other	(0.6)	1.2	2.8	5.9	(4.3)
Income tax expense (benefit) reported in the Statement of Profit or Loss at the effective tax rate	**$ 24.1 (49.6)%**	**$ 10.0 (10.3)%**	**$ (16.9) 15.3%**	**$ 27.4 (27.5)%**	**$ 31.6 67.5%**

C. Movement in deferred tax balances

A provision is recorded for deferred tax on the basis of all temporary differences in accordance with the balance sheet liability method. Temporary differences arise between the tax base of assets and liabilities and their carrying amounts which are offset over time.

Deferred tax is measured on the basis of the tax rates applicable at the statement of financial position date. Deferred tax assets are recognized to the extent that it is probable that future positive taxable income will be generated, against which the temporary differences and tax losses can be offset. Deferred tax assets are measured at expected net realizable values.

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Deferred tax, beginning of the period	**$(181.6)**	**$(228.4)**	**$(228.4)**	**$(226.7)**	**$(246.1)**
Exchange adjustments	7.3	3.0	11.0	14.0	(3.2)
Movement in income statement	2.2	(3.8)	55.8	11.4	13.4
Movement in other comprehensive income	3.9	(13.6)	(20.1)	(26.1)	6.2
Other	—	—	0.1	(1.0)	3.0
Deferred tax, end of the period	**$(168.2)**	**$(242.8)**	**$(181.6)**	**$(228.4)**	**$(226.7)**

7. Income Taxes (Continued)

D. Components of deferred tax assets and liabilities

The components of deferred tax assets and liabilities are as follows:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Inventory	$ 0.7	$ (2.3)	$ (0.7)	$ (2.4)	$ (3.1)	$ (0.7)
Loss carryforward	4.8	14.1	5.6	14.1	44.7	22.0
Employee benefits	1.4	1.1	1.3	1.1	1.7	1.8
Equity	(35.9)	(45.3)	(38.1)	(31.7)	(11.4)	(30.1)
Tangible assets	(7.1)	(11.4)	(7.4)	(11.4)	(16.8)	(19.7)
Intangible assets	(146.7)	(183.7)	(155.6)	(183.7)	(210.8)	(237.2)
Other	14.6	(15.3)	13.3	(14.4)	(31.0)	17.8
Net deferred tax liability	**(168.2)**	**(242.8)**	**(181.6)**	**(228.4)**	**(226.7)**	**(246.1)**
Deferred tax assets	4.9	6.8	5.3	6.8	17.1	9.6
Deferred tax liabilities	(173.1)	(249.6)	(186.9)	(235.2)	(243.8)	(255.7)
Net position at the end of the period	**$(168.2)**	**$(242.8)**	**$(181.6)**	**$(228.4)**	**$(226.7)**	**$(246.1)**

E. Unrecognized deferred tax assets (tax effected)

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	30 June,		31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Deductible temporary differences (will never expire)	$ 58.3	$ 34.4	$ 37.4	$ 30.7	$ 50.4
Tax losses	552.0	511.7	501.4	511.3	485.9
Unrecognized deferred tax assets (tax effected)	**$610.3**	**$546.1**	**$538.8**	**$542.0**	**$536.3**

F. Tax losses carried forward

The Group recorded U.S. federal net operating loss carryforwards of $168.0 million and foreign net operating loss carryforwards of $1,761.9 million at 30 June, 2016. The Group recorded U.S. federal net operating loss carryforwards of $142.5 million, $304.5 million and $228.7 million at 31 December, 2015, 2014 and 2013, respectively. The Group also recorded foreign net operating loss carryforwards of $1,662.7 million, $1,463.1 million and $1,380.9 million at December 31, 2015, 2014 and 2013, respectively. The Group has state net operating loss carryforwards of $142.2 million as of 30 June, 2016. The Group has state net operating loss carryforwards of $110.8 million, $150.1 million and $112.9 million as of December 31, 2015, 2014 and 2013, respectively. The U.S. net operating loss carryforwards will begin to expire in 2021 and fully expire in 2035. Foreign net operating loss carryforwards expire at various points in time with the most significant having an indefinite expiration date.

8. Earnings Per Share

The earnings per share has been calculated by dividing the net profit or loss for the period by the weighted average number of shares outstanding during the periods ended 30 June, 2016 and 2015 and 31 December, 2015, 2014, and 2013 (2,253,300 shares). There were no dilutive potential common shares during the periods, therefore the basic and diluted earnings per common share were equal.

9. Inventories

The components of inventories at 30 June, 2016 and 2015, at 31 December, 2015, 2014, and 2013 and at 1 January, 2013 were as follows:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Raw and packaging material	$ 53.8	$ 55.0	$ 52.7	$ 60.3	$ 56.4	$ 45.0
Work in progress	25.6	28.5	25.1	27.3	29.9	23.6
Finished goods	162.4	157.4	151.1	162.2	167.4	139.3
Inventories	**$241.8**	**$240.9**	**$228.9**	**$249.8**	**$253.7**	**$207.9**

For the six months ended 30 June, 2016 and 2015, inventories of $342.9 million and $309.0 million, respectively, were recognized as an expense and included in Cost of goods sold. For the years ended 31 December, 2015, 2014 and 2013 inventories of $644.0 million, $663.6 million and $595.0 million, respectively, were recognized as an expense and included in Cost of goods sold.

The adjustments recorded as write-downs of inventory to net realizable value were $7.3 million and $7.0 million, for the six months ended 30 June, 2016 and 2015, respectively. The adjustments recorded as write-downs of inventory to net realizable value were $15.2 million, $24.9 million and $11.1 million for the years ended 31 December, 2015, 2014 and 2013, respectively. The write-downs are included in Cost of goods sold.

10. Trade and Other Receivables

The following table contains balances for trade and other receivables at 30 June, 2016 and 2015, 31 December, 2015, 2014, 2013 and 1 January, 2013:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Trade receivables	$277.8	$290.9	$268.2	$281.7	$336.3	$310.0
Other receivables	9.0	9.1	8.3	7.2	12.7	10.3
Less: allowances for bad and doubtful debts	(14.3)	(16.9)	(14.0)	(15.0)	(9.3)	(5.0)
Less: sales discounts and chargebacks	(27.8)	(30.0)	(30.4)	(32.0)	(31.5)	(30.2)
Trade and other receivables	**$244.7**	**$253.1**	**$232.1**	**$241.9**	**$308.2**	**$285.1**

On 23 December, 2014, the Group's operations in Italy transferred certain accounts receivable to an unrelated third party through a non-recourse factoring agreement. The factoring agreement transfer is accounted for as a sale of receivables, as the Group does not retain any financial or legal interest in the factored receivables. Accordingly, such receivables have not been included in the accompanying Consolidated Statement of Financial Position. The amount of receivables factored was $6.4 million for the year ended 31 December, 2014. Commission expenses incurred in connection with factoring activities amounted to $0.2 million and such amounts are included within Finance costs in the accompanying Consolidated Statement of Profit or Loss for the year ended 31 December, 2014.

The Group establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade and other receivables. The Group believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk associated with the Group's accounts receivable.

10. Trade and Other Receivables (Continued)

The aging analysis of trade receivables was as follows:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Current	$177.7	$182.4	$160.3	$190.2	$226.0	$230.3
Past due 1–30 days	37.9	39.0	38.8	34.0	44.8	40.9
Past due 31–90 days	23.2	23.6	21.0	27.4	28.1	15.4
Past due 91–180 days	16.2	21.4	23.1	9.8	10.2	14.1
Past due by more than 180 days	22.8	24.5	25.0	20.3	27.2	9.3
	$277.8	**$290.9**	**$268.2**	**$281.7**	**$336.3**	**$310.0**

At 30 June, 2016 and 2015, the unimpaired amounts that are past due are $85.8 million and $91.6 million, respectively. At 31 December 2015, 2014, 2013 and 1 January 2013, the unimpaired amounts that are past due are $93.9 million, $76.5 million, $101.0 million and $74.7 million, respectively. The Group believes that the unimpaired amounts that are past due are still collectible in full, based on historic payment behavior and extensive analysis of customer credit risk.

Movements in the allowance for bad and doubtful debts were as follows:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
At the beginning of the period	$(14.0)	$(15.0)	$(15.0)	$ (9.3)	$(5.0)
Charges	(0.8)	(6.6)	(6.3)	(8.8)	(5.7)
Utilization of provision	0.8	4.0	6.4	4.3	1.5
Acquisitions	—	—	—	(2.1)	—
Foreign exchange adjustment	(0.3)	0.7	0.9	0.9	(0.1)
At the end of the period	**$(14.3)**	**$(16.9)**	**$(14.0)**	**$(15.0)**	**$(9.3)**

11. Shareholders' Equity

Cidron's share capital was $2,253.3 million at 30 June, 2016 and 2015, 31 December, 2015, 2014, and 2013, and 1 January, 2013 comprising 2,253,300 issued ordinary shares of $1,000 each. Cidron is authorized to issue an unlimited number of ordinary shares. Each share has an identical voting right and each shareholder has voting rights commensurate to its shareholding. Each shareholder is entitled to equal rights to any distribution of dividends.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group also benefits from strong underlying cash generation, and balances the opportunities for investment within the business and targeted acquisitions with maintaining prudent debt levels and attractive dividends.

12. Loans and Borrowings

A summary of the Group's consolidated loans and borrowings at 30 June, 2016 and 2015, at 31 December, 2015, 2014, and 2013, and at 1 January, 2013, respectively, is outlined in the table below:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Credit Facilities Agreement[1]:						
Revolving Credit Facility	$ —	$ —	$ —	$ —	$ —	$ —
U.S. Dollar Term Loans	782.4	796.2	792.5	761.7	790.9	771.7
Euro Term Loans	821.9	839.9	814.6	545.6	657.4	692.9
Total Credit Facilities	1,604.3	1,636.1	1,607.1	1,307.3	1,448.3	1,464.6
Secured Notes and Senior Notes:						
7.375% Secured Notes	—	—	—	357.6	404.7	387.1
10.5% U.S. Dollar Senior Notes	737.6	735.2	736.4	733.7	730.9	729.1
10.875% Euro Senior Notes	274.8	274.8	268.3	297.9	337.3	322.7
8.25% PIK Notes	888.3	884.2	886.5	880.9	874.0	—
Finance Lease Obligations	0.1	0.2	0.2	0.2	0.3	0.4
Total loans and borrowings	3,505.1	3,530.5	3,498.5	3,577.6	3,795.5	2,903.9
Less: Current portion of loans and borrowings	12.8	55.8	21.5	43.7	73.6	45.2
Total non-current loans and borrowings	**$3,492.3**	**$3,474.7**	**$3,477.0**	**$3,533.9**	**$3,721.9**	**$2,858.7**

(1) As further described below, the Credit Facilities Agreement, as amended, consists of (i) U.S. Dollar and Euro term loans, (ii) a revolving credit facility, and (iii) incremental unfunded term facilities (collectively, the "Credit Facilities").

The terms and conditions of total loans and borrowings outstanding at 30 June, 2016 and 2015 are as follows:

			30 June, 2016		30 June, 2015	
	Currency	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
					(unaudited)	
Revolving Credit Facilities[1][3]		2020	$ —	$ —	$ —	$ —
U.S. Dollar Term Loans[1][3]	USD	2020	785.5	782.4	800.0	796.2
Euro Term Loans[1][3]	EURO	2020	823.2	821.9	841.6	839.9
10.5% Senior Notes[3]	USD	2018	745.0	737.6	745.0	735.2
10.875% Senior Notes[3]	EURO	2018	277.7	274.8	278.7	274.8
PIK Notes[3]	USD	2019	900.0	888.3	900.0	884.2
Finance lease obligations	USD	—	0.1	0.1	0.2	0.2
Total interest-bearing liabilities			**$3,531.5**	**$3,505.1**	**$3,565.5**	**$3,530.5**

12. Loans and Borrowings (Continued)

The terms and conditions of total loans and borrowings outstanding at 31 December, 2015, 2014 and 2013, and at 1 January, 2013 are as follows:

			31 December, 2015		31 December, 2014		31 December, 2013		1 January, 2013	
	Currency	Year of maturity	Face value	Carrying amount	Face value	Carrying amount	Face value	Carrying amount	Face value	Carrying amount
Revolving Credit Facilities[1][3]		2020	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
U.S. Dollar Term Loans[1][3]	USD	2020	796.0	792.5	770.5	761.7	804.0	790.9	784.0	771.7
Euro Term Loans[1][3]	EURO	2020	816.0	814.6	550.7	545.6	665.1	657.4	702.4	692.9
7.375% Secured Notes[2][3]	USD	—	—	—	362.9	357.6	412.3	404.7	395.8	387.1
10.5% Senior Notes[3]	USD	2018	745.0	736.4	745.0	733.7	745.0	730.9	745.0	729.1
10.875% Senior Notes[3]	EURO	2018	271.6	268.3	302.5	297.9	343.6	337.3	329.8	322.7
PIK Notes[3]	USD	2019	900.0	886.5	900.0	880.9	900.0	874.0	—	—
Finance lease obligations	USD		0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4
Total interest-bearing liabilities			**$3,528.8**	**$3,498.5**	**$3,631.8**	**$3,577.6**	**$3,870.3**	**$3,795.5**	**$2,957.4**	**$2,903.9**

(1) The Credit Facilities will mature on 15 June, 2020, provided that such date will be accelerated to (i) 15 September, 2018 if more than 10% of the principal amount of the Senior Notes (as defined below) remain outstanding on such date or (ii) 15 October, 2018 if more than 10% of the Senior Payment-in-kind Notes ("PIK Notes") remain outstanding on such date.

(2) On 15 June, 2015, the Group redeemed all of its outstanding €300.0 million ($338.5 million) aggregate principal amount of 7.375% senior secured notes due 15 December, 2017 (the "Secured Notes") for €322.1 million ($363.4 million), including a call premium of €11.1 million ($12.5 million), plus accrued and unpaid interest, and satisfied and discharged the Secured Notes indenture. For the year ended 31 December, 2015, the Group recognized a loss on extinguishment of debt of $27.8 million, in the aggregate, of which $16.6 million was recognized in connection with the redemption of the Secured Notes.

(3) The current nominal interest rates for each of the interest-bearing liabilities included in the table above are described below.

The Group's Credit Facilities and indenture related to its Senior Notes (as defined below) contain customary covenants, including, among other things, covenants that restrict the Group's and its subsidiaries abilities to: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) create or incur liens; (iii) make certain payments, including dividends or other distributions, prepay or redeem subordinated debt or equity; (iv) make certain investments; (v) create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of assets; (vi) sell, lease or transfer certain assets, including stock of restricted subsidiaries; (vii) engage in certain transactions with affiliates; and (viii) consolidate or merge with other entities.

The Group's Credit Facilities also contain a financial covenant, various customary affirmative covenants and specified events of default. The Group's indentures related to its Senior Notes (as defined below) also contain certain customary affirmative covenants and specified events of default.

At 30 June, 2016 and 31 December, 2015, the Group was in compliance with all financial covenants associated with the Group's outstanding debt.

Credit Facilities

In 2013, the Group executed the amendment to the original Credit Facility Agreement dated 22 December, 2010 (as amended and restated further in 2012) to, among other things, (i) reprice the existing U.S. Dollar and Euro term loans and (ii) provide for a reduction in applicable margins and floors on the EURIBOR and LIBOR base rates of the U.S. Dollar and Euro term loans as well as the reduction of the floor on Alternate Base Rate ("ABR") borrowings. In connection with this transaction, the Group

12. Loans and Borrowings (Continued)

recognized a loss on the extinguishment of debt of $4.4 million in Finance costs in the Consolidated Statement of Profit or Loss for the year ended 31 December, 2013.

On 15 June, 2015, the Group entered into Amendment No.4 to the Credit Facility Agreement (the "Amended Credit Facility Agreement") to refinance the Group's previous U.S. Dollar and Euro term loans and the revolving credit facility (the "Refinancing"). The Amended Credit Facility Agreement provides for (i) U.S. Dollar and Euro term loans of $800.0 million (issued at an offering price of 99.75%, after adjustment for a discount of $2.0 million) and €755.0 million, respectively, (the "Term Loan Facilities"), (ii) a $200.0 million revolving credit facility (the "Revolving Credit Facility"), and (iii) incremental unfunded term facilities (the "Incremental Term Facilities"). The Term Loan Facilities are amortized quarterly at an annual rate of 1%. The Revolving Credit Facility is not amortized.

The net proceeds from the Refinancing were used to (i) repay amounts outstanding prior to the Refinancing under the U.S. Dollar term loans of $744.1 million and the Euro term loans of €436.4 million ($492.4 million), (ii) redeem all of the outstanding Secured Notes, as described above, and (iii) for general corporate purposes. In 2015, in connection with the Refinancing, the Group recognized a loss on extinguishment of debt of $27.8 million, in the aggregate, of which $11.2 million was recognized with respect to the Credit Facilities and comprised of $10.0 million of unamortized deferred financing fees and $1.2 million of unamortized original issue discount ("OID"). In addition, the Group incurred fees of approximately $14.9 million, of which $8.7 million were deferred and capitalized over the term of the Credit Facilities.

Total face value of the borrowings outstanding under the Term Loan Facilities denominated in U.S. Dollars and Euros were as follows: (i) $785.5 million and €741.3 million ($823.2 million) at 30 June, 2016, (ii) $800.0 million and €755.0 million ($841.6 million) at 30 June, 2015, (iii) $796.0 million and €751.2 million ($816.0 million) at 31 December, 2015, (iv) $770.5 million and €455.2 ($550.7 million) at 31 December, 2014, (v) $804.0 million and €483.9 million ($665.1 million) at 31 December, 2013, and (vi) $784.0 million and €532.4 million ($702.4 million) at 1 January, 2013.

The Revolving Credit Facility of $200.0 million is available through its termination date in certain currencies at the borrower's option and is used to provide for ongoing working capital requirements, letters of credit, and general corporate purposes of the Group. The Revolving Credit Facility allows for up to $40.0 million of letter of credit issuances as well as $25.0 million for borrowings on same-day notice, referred to as the swingline loans. There were no borrowings outstanding under the Revolving Credit Facility at 30 June, 2016 and 2015, 31 December, 2015, 2014, 2013, and 1 January 2013. Letters of credit outstanding under the Revolving Credit Facility totaled $1.4 million and $1.5 million at 30 June, 2016 and 2015 respectively. Availability under the Revolving Credit Facility, after deducting both the outstanding letters of credit and amounts withdrawn, totaled $198.6 million and $198.5 million at 30 June, 2016 and 2015, respectively. Letters of credit outstanding under the Revolving Credit Facility totaled $2.6 million, $1.3 million, $0.8 million, and $0.5 million at 31 December, 2015, 2014, 2013 and at 1 January, 2013, respectively. Availability under the Revolving Credit Facility, after deducting both the outstanding letters of credit and amounts withdrawn, totaled $197.4 million, $248.7 million, $249.2 million, and $249.5 million at 31 December, 2015, 2014, 2013 and at 1 January, 2013, respectively.

The Incremental Term Facilities, as amended, may be available in one or more additional tranches of term loans or an increase to one or more tranches of existing term loans denominated in either U.S. Dollars and/or Euros or an increase to the commitments under the Revolving Credit Facility provided that a certain leverage ratio is not exceeded and the Group satisfies certain requirements, including: no default or event of default, minimum borrowing amounts of $15.0 million and a maturity date and weighted average life-to-maturity of each individual loan within the Incremental Term Facilities that is greater than the weighted average maturity date of the Term Loan Facilities. Additionally, should the yield on the Incremental Term Facilities exceed the yield on the Term Loan Facility by more than 0.5%, then the yield on the Term Loan Facilities will automatically increase such that the yield on the Term Loan Facilities shall be 0.5% below the yield on the Incremental Term Facilities.

12. Loans and Borrowings (Continued)

Borrowings and commitments under the Credit Facilities, including the Term Loan Facilities, are subject to full or partial mandatory prepayments from the proceeds of asset sales above a specified threshold, the issuance or incurrence of debt and from excess cash flow retained in the business. The amount and timing of the mandatory prepayments are subject to certain criteria. Prior to the Refinancing, during the second quarters of 2015, 2014 and 2013, the Group made mandatory prepayments of $43.6 million, $73.5 million and $45.1 million, respectively, for excess cash retained in the business. During the six months ended 30 June, 2016, the Group made payments of $21.5 million, in the aggregate, related to the Credit Facilities as follows: (i) mandatory prepayment of $17.4 million for excess cash retained in the business and (ii) scheduled March 2016 amortization payment of $4.1 million. At 30 June, 2016, the Group estimated that it will make a mandatory prepayment of approximately $12.7 million in the first quarter of 2017, based on current projections, which is included as current Loans and borrowings on the Consolidated Statement of Financial Position at 30 June, 2016. The estimated 2017 mandatory prepayment will be applied against the remaining quarterly installments due under the Term Loan Facilities, in accordance with the terms outlined in the Amended Credit Facilities Agreement.

Borrowings under the Credit Facilities bear interest at either a Euro (EURIBOR) or U.S. Dollar (LIBOR) base rate, or an ABR. EURIBOR interest is associated with Term Loan borrowings denominated in Euros while Term Loan borrowings denominated in Dollars may, at the Group's option, be subject to LIBOR interest or ABR. Borrowings under the Revolving Credit Facility denominated in Euros may bear interest at either ABR or EURIBOR and borrowings denominated in any currencies other than Euros (including U.S. Dollars) may bear interest at either ABR or LIBOR. ABR, as defined in the Amended Credit Facilities Agreement, is the greater of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50% and (c) the Eurodollar Rate for a one-month interest period plus 1.0%. The applicable margins for borrowing under the Term Loan Facilities are 3.25% with respect to both EURIBOR and LIBOR borrowings, and 2.25% with respect to ABR borrowings. The applicable margins for revolving borrowings are 3.75% with respect to EURIBOR and LIBOR borrowings and 2.75% with respect to ABR borrowings. LIBOR and EURIBOR are each subject to a 1.0% floor and ABR margin is subject to a floor of 2.0%. Each margin will step down by 25 basis points upon decreasing the Group's consolidated total net leverage ratio to 3.50 to 1.00 or less.

Borrowings under the Amended Credit Facilities Agreement are secured by substantially all of the Group's assets. Pursuant to the Amended Credit Facilities Agreement, the Group pledged certain property, plant and equipment as collateral with an aggregate net carrying amount of $33.2 million and $45.8 million as of 30 June, 2016 and 31 December, 2015, respectively. Any loan advances made under the Incremental Term Facilities will rank pari passu with the Term Loan Facilities and the Revolving Credit Facility.

Secured Notes and Senior Notes

The Secured Notes, which were redeemed in 15 June, 2015, as discussed above, consisted of €300.0 million ($362.9 million at 31 December, 2014, $412.3 million at 31 December, 2013, and $395.8 million at 1 January, 2013) and bore interest at the rate of 7.375% per annum, which was payable semi-annually on 15 June and 15 December of each year.

The Senior Notes consist of $745.0 million (the "U.S. Dollar Senior Notes") and €250.0 million ($277.7 million, $278.7 million, $271.6 million, $302.5 million, $343.6 million and $329.8 million at 30 June, 2016, and 2015, 31 December, 2015, 2014, and 2013 and 1 January, 2013, respectively) senior notes (the "Euro Senior Notes") each due 15 December, 2018 (collectively, the "Senior Notes"). The U.S. Dollar Senior Notes and the Euro Senior Notes bear interest at the rate of 10.5% and 10.875% per annum, respectively, payable semi-annually on 15 June and 15 December of each year.

The Senior Notes may be prepaid and are subject to a premium if payment is made prior to 15 December, 2016. Mandatory redemption of the Senior Notes is not required prior to their stated maturity dates. The Senior Notes are unsecured obligations of the Group and are guaranteed on a senior basis by the Group. They rank pari passu in right of payment with all of the Group's existing and future obligations that are not subordinated in right of payment to the Senior Notes.

12. Loans and Borrowings (Continued)

PIK Notes

On 12 August, 2013, the Group successfully completed a $900.0 million PIK Notes offering, at an offering price of 99.0%, after adjustment for OID. The PIK Notes mature on 15 January, 2019 and are subject to cash interest payments of 8.25% every 15 January and 15 July, commencing on 15 January, 2014. PIK interest, if cash interest is not elected to be paid, will accrue at 9.00% per annum. At 30 June, 2016 and 2015, the amount of accrued interest on the PIK Notes recorded in the Accrued expenses and other current liabilities on the Consolidated Statement of Financial Position was $34.2 million. At 31 December, 2015, 2014 and 2013, the amount of accrued interest on the PIK Notes recorded in Accrued expenses and other current liabilities on the Consolidated Statement of Financial Position was $34.2 million, $34.2 million, and $28.7 million, respectively.

Interest Related Information

Accrued interest related to the Group's loans and borrowings was $39.2 million and $42.1 million at 30 June, 2016 and 2015, respectively, and is recorded in Accrued expenses and other current liabilities. Accrued interest related to the Group's loans and borrowings was $39.2 million, $40.6 million, $35.9 million, and $8.0 million at 31 December, 2015, 2014, 2013 and 1 January, 2013, respectively. The interest expense for the six months ended 30 June, 2016 and 2015, associated with the Group's loans and borrowings was $126.6 million and $130.5 million, respectively. Interest expense for the years ended 31 December, 2015, 2014 and 2013, associated with the Group's loans and borrowings was $258.0 million, $276.6 million, and $246.4 million, respectively. For the six months ended 30 June, 2016 and 2015, the weighted average interest rate for borrowings under the Group's outstanding loans and borrowings was 7.1% and 7.4%, respectively. The weighted average interest rate for borrowings under the Group's outstanding loans and borrowings was 7.2%, 7.3%, and 7.5% for the years ended 31 December, 2015, 2014, and 2013, respectively.

13. Provisions

	Legal Provisions[1]	Restructuring Provisions[1]	Decommissioning Provisions[2]	Total
1 January, 2013	**$ 12.4**	**$ 5.5**	**$ 1.3**	**$ 19.2**
Charges	—	4.5	1.9	6.4
Utilization	(1.5)	(7.7)	—	(9.2)
Changes in estimate	—	(0.2)	—	(0.2)
Unwinding of discount	—	—	0.1	0.1
Foreign exchange impact	(0.4)	—	0.1	(0.3)
31 December, 2013	**10.5**	**2.1**	**3.4**	**16.0**
Charges	2.2	13.7	—	15.9
Utilization	(9.3)	(11.0)	(1.4)	(21.7)
Changes in estimate	—	(0.1)	—	(0.1)
Unwinding of discount	—	—	0.1	0.1
Foreign exchange impact	0.2	—	(0.2)	—
31 December, 2014	**3.6**	**4.7**	**1.9**	**10.2**
Charges	13.3	2.1	—	15.4
Utilization	(16.6)	(3.2)	(0.7)	(20.5)
Changes in estimate	—	(0.2)	—	(0.2)
Foreign exchange impact	(0.1)	—	(0.1)	(0.2)
31 December, 2015	**$ 0.2**	**$ 3.4**	**$ 1.1**	**$ 4.7**

13. Provisions (Continued)

	Legal Provisions[1]	Restructuring Provisions[1]	Decommissioning Provisions[2]	Total
1 January, 2015	**$ 3.6**	**$ 4.7**	**$ 1.9**	**$10.2**
Utilization	(2.8)	(2.0)	(0.3)	(5.1)
Changes in estimate	—	(0.1)	—	(0.1)
30 June, 2015 ***(unaudited)***	**$ 0.8**	**$ 2.6**	**$ 1.6**	**$ 5.0**
1 January, 2016	**$ 0.2**	**$ 3.4**	**$ 1.1**	**$ 4.7**
Charges	—	13.7	—	13.7
Utilization	(0.2)	(4.0)	—	(4.2)
Changes in estimate	—	0.3	—	0.3
Foreign exchange impact	—	0.2	0.1	0.3
30 June, 2016	**$ —**	**$13.6**	**$ 1.2**	**$14.8**

(1) Legal and Restructuring provisions for all years presented in the above table are included as current Provisions on the Consolidated Statement of Financial Position.

(2) Decommissioning provisions as of 1 January, 2013, 31 December, 2014, 31 December 2015, 30 June, 2015 and 30 June 2016 are included as non-current Provisions on the Consolidated Statement of Financial Position. As of 31 December, 2013, $0.3 million and $3.1 million of decommissioning provisions are presented as current and non-current Provisions on the Consolidated Statement of Financial Position, respectively.

Legal Provisions

During the six months ended 30 June, 2015, the Group recorded $0.8 million as a provision for unsettled lawsuits, claims, proceedings and investigations. During the years ended 31 December, 2015, 2014 and 2013, the Group recorded $0.2 million, $3.6 million and $10.5 million, respectively, as a provision for unsettled lawsuits, claims, proceedings and investigations. In accordance with the accounting guidance related to provisions, the Group records accruals for such contingencies when it is probable that a liability will be incurred and the loss can be reasonably estimated. These legal matters involve intellectual property, commercial or environmental health and safety matters. For further details, please refer to Note 19— Commitments and Contingencies.

Restructuring Provisions

In 2016, the Group approved the plan for business restructuring activities, primarily related to severance benefits for involuntary workforce reductions associated with the closure of the Group's (i) Hospital Care ("HC") manufacturing facility in Sungai-Petani (Malaysia) by the end of the third quarter of 2016 and (ii) manufacturing operations in Greensboro, U.S. by early 2017. The Group plans to expand its capabilities at the other facilities, including Deeside, U.K., Haina, Dominican Republic, Michalovce, Slovakia, Rhymney, U.K., and Herlev, Denmark to optimize its supply chain for the Wound, Ostomy, and CCC franchises. During the six months ended 30 June, 2016, in connection with these initiatives, the Group recorded pre-tax charges and changes in estimate as follows: (i) $14.1 million, in the aggregate, related to the employee termination costs, (ii) $3.9 million of asset write-offs, and (iii) $4.7 million of accelerated depreciation. These charges were recorded in Cost of goods sold in the Consolidated Statement of Profit or Loss.

In 2015, the Group incurred restructuring charges for business restructuring activities, primarily related to severance benefits for involuntary workforce reductions associated with the closure of the Group's HC manufacturing facility in Reynosa, Mexico. The Group's Infusion Devices ("ID") franchise, which has separate existing facility in Reynosa, Mexico, plans to expand and repurpose the HC plant to support its manufacturing operations and its customers. During the six months ended 30 June, 2016, in connection with this initiative, the Group recorded pre-tax charges and changes in estimate as follows: (i) $0.1 million, in the aggregate, related to the employee termination costs and (ii) $1.1 million of accelerated depreciation. These charges were recorded in Cost of goods sold in the Consolidated Statement of Profit

13. Provisions (Continued)

or Loss. During the year ended 31 December, 2015, the Group recorded pre-tax charges of $2.1 million associated with these activities, of which $1.2 million, $0.7 million, and $0.2 million were recorded in Cost of goods sold, General and administrative expenses, and Research and development expenses, respectively, in the Consolidated Statement of Profit or Loss.

In 2014, the Group incurred restructuring charges for business restructuring activities, primarily related to termination benefits for involuntary workforce reductions associated with the closure of the Group's operational headquarters in Skillman, New Jersey and the termination of certain executive management team members. All business activities performed at the facility in Skillman, New Jersey were transferred to other sites around the world. During the year ended 31 December, 2014, the Group recorded pre-tax charges of $13.7 million related to these initiatives in General and administrative expenses in the Consolidated Statement of Profit or Loss.

During the year ended 31 December, 2013, the Group recorded pre-tax charges of $4.5 million for business restructuring activities, of which $4.3 million related to employee separation costs and $0.2 million related to lease termination and facility closure costs. Such costs were recorded in General and administrative expenses in the Consolidated Statement of Profit or Loss. Total overall costs for this action have been recorded as of 31 December, 2013.

14. Share-Based Payments

CHA grants share-based payment awards to employees under the AEP, the MEP, and the MIP.

The accounting standard relating to share-based compensation requires that the cost of all share-based payment transactions is recognized in the financial statements, establishes fair value as the measurement objective, and requires entities to apply a fair value-based measurement method in accounting for share-based payment transactions. CHA grants share-based payment awards which vest over a specified period or upon a liquidity event, such as a change of control or an initial public offering. The fair value of share-based payment awards issued to employees is measured on the date of grant and expense is recognized over the vesting period or upon a liquidity event, depending upon the specific terms of the individual award. Certain features of share-based payment awards require the awards to be accounted for as liabilities as opposed to equity. Liability awards are required to be updated to fair value at the end of each reporting period until settlement. CHA obtains a valuation report for the MEP, MIP and AEP awards on an annual basis. The valuation is utilized for calculating the current period share-based compensation expense associated with any MEP awards granted and re-measuring the liability for fully vested MEP awards. Management believes there were no changes to the circumstances that could have significantly affected assumptions, such as projected financial information, that would have resulted in significant changes in the fair value of the awards at 30 June, 2015. Therefore, share-based compensation expense recorded for the six months ended 30 June, 2015 was based on the valuation report at 31 December, 2014. Generally, unvested awards are forfeited for no consideration upon termination of employment. No awards may be transferred other than under specified limited circumstances which generally are to family members for estate planning purposes.

The fair value of CHA's equity was estimated using an income approach and further substantiated with a market approach. The income approach was deemed to be the most indicative of CHA's estimated fair value in an orderly transaction between market participants and is consistent with the methodology used for the equity valuation in prior years. Under the income approach, CHA determines fair value using the discounted cash flow method which is based on an analysis of CHA's projected financial information, significant debt-free cash flow assumptions, discount rate, terminal value, and indication of value. Under the market approach, CHA utilizes publicly-traded comparable company information to determine trailing

14. Share-Based Payments (Continued)

and forward multiples that are used to value its equity for which the Black-Scholes pricing model was used with the following assumptions at 30 June, 2016 and 2015, and 31 December, 2015, 2014 and 2013:

	30 June,		31 December,		
	2016	2015[1]	2015	2014	2013
		(unaudited)			
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Expected volatility[2]	38.0%	48.5%	51.0%	48.5%	48.4%
Risk-free interest rate[3]	0.4%	0.5%	0.5%	0.5%	0.3%
Expected life of AEP awards granted during period[4]	0.5 years	1.7 years	1.5 years	1.7 years	1.8 years
Expected life of MEP awards granted during period[4]	0.5 years	1.7 years	1.5 years	1.7 years	1.8 years
Expected life of MIP awards granted during period[4]	0.5 years	1.7 years	1.5 years	1.7 years	1.8 years

(1) The valuation of share-based compensation at 30 June, 2015 was based on the 31 December, 2014 valuation.

(2) Determined based on historical volatilities of comparable companies.

(3) Determined based on the weighted average of U.S. Treasury strip rates over the contractual term of the awards.

(4) Represents the period of time that awards are expected to be outstanding.

Determining the estimated fair value is judgmental in nature and requires the use of significant estimates and assumptions, including selection of market comparatives, industry trends, estimated future cash flows, and discount rates. Fair value is estimated using significant unobservable inputs that are characterized as Level 3 under the fair value hierarchy, which is described in further detail in Note 15—Fair Value Measurements.

Annual Equity Program

The AEP allows for the issuance of units ("AEP Units") to employees for shares of common stock. The Group is authorized to grant up to 1.0 million AEP Units to purchase common stock under the AEP, representing 2.0% of the common stock of CHA. AEP Units are granted at the allocable fair market value of a share of stock on the date of grant and vest upon a liquidity event, as such no share-based compensation has been recognized for the AEP Units during the six months ended 30 June, 2016 and 2015 and during the years ended 31 December, 2015, 2014 and 2013, respectively.

AEP Units that are unallocated or forfeited can be redistributed to an existing AEP participant or other employee upon the recommendation of the Chief Executive Officer ("CEO") if, and to the extent, the recipient in such transfer is acceptable to the board of directors. Any redistribution of AEP Units would be considered a new grant under the terms of the AEP.

14. Share-Based Payments (Continued)

The following table summarizes activity related to the AEP during the six months ended 30 June, 2016 and 2015 and during the years ended 31 December, 2015, 2014 and 2013:

(Units in thousands)	AEP Units
Outstanding at 1 January, 2013	597
Granted	233
Forfeited/cancelled	(122)
Outstanding at 31 December, 2013	708
Granted	214
Forfeited/cancelled	(50)
Outstanding at 31 December, 2014	872
Granted	119
Forfeited/cancelled	(158)
Outstanding at 31 December, 2015	833
Outstanding at 1 January, 2015	872
Granted	71
Forfeited/cancelled	(95)
Outstanding at 30 June, 2015 *(unaudited)*	848
Outstanding at 1 January, 2016	833
Granted	65
Forfeited/cancelled	(52)
Outstanding at 30 June, 2016	846

As discussed above, the 30 June, 2015 valuation of share-based compensation was based on the 31 December, 2014 valuation, therefore the fair value of AEP Units outstanding at 30 June, 2015 was $3.81. The fair value of AEP Units outstanding at 30 June, 2016 and at 31 December, 2015, 2014, and 2013 was $25.58, $10.82, $3.81, and $9.67, respectively. As of 30 June, 2016 and 2015, and at 31 December, 2015, 2014, and 2013, total unrecognized compensation cost related to outstanding AEP Units was $21.6 million, $3.2 million, $9.0 million, $3.3 million and $6.8 million based on the fair value of the AEP Units at those respective dates. The compensation cost recognized, if any, will be based on the fair value of the AEP Units at the time the liquidity event occurs. Certain AEP Unit forfeitures are determined upon the occurrence of a liquidity event. Given that the timing of a liquidity event cannot be predicted, the portion of vested and forfeited shares has yet to be determined. In these instances, the full amount of AEP Units was included in the outstanding amount at 30 June, 2016 and 2015, and at 31 December, 2015, 2014 and 2013.

Management Executive Plan

The MEP allows for the issuance of units (“MEP Units”) to employees for shares of common stock. The Group is authorized to grant up to 1.0 million MEP Units to purchase common stock under the MEP, representing 8.0% of the common stock of CHA. MEP Units are granted at the allocable fair market value of a share of stock on the date of grant and vest over five years or upon a liquidity event, as described above.

MEP Units that are unallocated or forfeited can be redistributed to an existing MEP participant or other employee upon the recommendation of the CEO if, and to the extent, the recipient in such transfer is acceptable to the board of directors. Any redistribution of MEP Units would be considered a new distribution under the terms of the MEP.

14. Share-Based Payments (Continued)

The following table summarizes activity related to the MEP during the six months ended 30 June, 2016 and 2015 and during the years ended 31 December, 2015, 2014 and 2013:

(Units in thousands)	MEP Units
Outstanding at 1 January, 2013	794
Granted	159
Forfeited/cancelled	(198)
Outstanding at 31 December, 2013[1]	755
Granted	88
Forfeited/cancelled	(161)
Outstanding at 31 December, 2014[2]	682
Granted	350
Forfeited/cancelled	(59)
Repurchased	(222)
Outstanding at 31 December, 2015[3]	751
Outstanding at 1 January, 2015	682
Granted	69
Forfeited/cancelled	(39)
Repurchased	(208)
Outstanding at 30 June, 2015[4] *(unaudited)*	504
Outstanding at 1 January, 2016[3]	751
Granted	40
Forfeited/cancelled	(9)
Repurchased	(10)
Outstanding at 30 June, 2016[5]	772

(1) At 31 December, 2013, the outstanding MEP units included 239 vested and 516 non-vested units.

(2) At 31 December, 2014, the outstanding MEP units included 408 vested and 274 non-vested units.

(3) At 31 December, 2015, the outstanding MEP units included 240 vested and 511 non-vested units.

(4) At 30 June, 2015, the outstanding MEP units included 221 vested and 283 non-vested units.

(5) At 30 June, 2016, the outstanding MEP units included 232 vested and 540 non-vested units.

As discussed above, the 30 June, 2015 valuation of share-based compensation was based on the 31 December, 2014 valuation, therefore the fair value of MEP Units outstanding at 30 June, 2015 was $15.25. The fair value of MEP Units outstanding at 30 June, 2016 and at 31 December, 2015, 2014, and 2013 was $102.33, $43.27, $15.25, and $38.68, respectively.

The Group accounts for MEP Units as liability awards. The Group recorded liabilities of $49.0 million and $5.0 million for its outstanding MEP Units as a component of Other liabilities in the Consolidated Statement of Financial Position at 30 June, 2016 and 2015 respectively. The Group recognized total share-based compensation expense of $32.2 million and $0.3 million for the period ending 30 June, 2016 and 2015. The increase in share-based compensation expense for the six months ended 30 June, 2016 was driven by an increase in the fair value of the MEP Units.

The Group recorded liabilities of $17.1 million, $12.2 million, $15.6 million and $8.0 million for its outstanding MEP Units as a component of Accrued expenses and other current liabilities and Other liabilities in the Consolidated Statement of Financial Position at 31 December, 2015, 2014, 2013 and 1 January, 2013 respectively. The Group recognized total share-based compensation expense of $12.5 million and $11.0 million in 2015 and 2013, respectively. In 2014, share-based compensation income

14. Share-Based Payments (Continued)

was recognized in the amount of $3.2 million, due to the decrease in the fair value of equity awards outstanding.

Management Incentive Plan

The MIP allows for the issuance of units ("MIP Units") to employees for common stock. The Group is authorized to grant up to 3.0 million MIP Units under the Plan, representing 0.3% of the common stock of CHA. MIP Units are granted at the allocable fair market value of a share of stock on the date of grant and vest upon a liquidity event, as such no share-based compensation has been recognized for the MIP Units during years ended 31 December, 2015, 2014 and 2013, respectively.

The following table summarizes activity related to the MIP during the six months ended 30 June, 2016 and 2015, and during the years ended 31 December, 2015, 2014 and 2013:

(Units in thousands)	MIP Units
Outstanding at 1 January, 2013	2,424
Granted	—
Forfeited/cancelled	(292)
Outstanding at 31 December, 2013	2,132
Granted	—
Forfeited/cancelled	(15)
Outstanding at 31 December, 2014	2,117
Granted	—
Forfeited/cancelled	(953)
Outstanding at 31 December, 2015	1,164
Outstanding at 1 January, 2015	2,117
Granted	—
Forfeited/cancelled	(894)
Outstanding at 30 June, 2015 *(unaudited)*	1,223
Outstanding at 31 December, 2015	1,164
Granted	—
Forfeited/cancelled	(63)
Outstanding at 30 June, 2016	1,101

As discussed above, the 30 June, 2015 valuation of share-based compensation was based on the 31 December, 2014 valuation, therefore the fair value of MIP Units outstanding at 30 June, 2015 was $2.87. The fair value of MIP Units outstanding at 30 June, 2016 and at 31 December, 2015, 2014, and 2013 was $4.09, $3.13, $2.87, and $3.16, respectively.

As of 30 June, 2016 and 2015, and 31 December, 2015, 2014 and 2013, the total unrecognized compensation cost related to MIP Units granted was $4.5 million, $3.5 million, $3.6 million, $6.1 million and $6.7 million, respectively, and is expected to be recognized when a liquidity event occurs. Certain MIP Unit forfeitures are determined upon the occurrence of a liquidity event. Given that the timing of a liquidity event cannot be predicted, the portion of vested and forfeited shares has yet to be determined. In these instances the full amount of MIP Units was included in the outstanding amount at 30 June, 2016 and 2015 and at 31 December, 2015, 2014 and 2013.

15. Fair Value Measurements

The Group applies the guidance related to fair value measurements for its financial assets and financial liabilities reported or disclosed at fair value. In addition, the Group applies certain provisions of the

15. Fair Value Measurements (Continued)

standard relating to its non-financial assets and liabilities recognized or disclosed at fair value in the historical financial information on a recurring basis (at least annually).

The Group's financial instruments and the methods used to determine fair value consist of the following:

- The carrying amounts reflected in the Consolidated Statement of Financial Position for cash and cash equivalents, restricted cash, marketable securities, trade and other receivables, trade and other payables, and certain accrued expenses and other current liabilities approximate fair value due to their short-term maturities.
- Debt obligations are initially carried at fair value less any directly attributable transaction costs and subsequently at amortized cost.

To increase consistency and comparability in fair value measures, the accounting standard relating to fair value measurements established a three-level fair value hierarchy to prioritize inputs used in valuation techniques between observable inputs that reflect quoted prices in actives markets, inputs other than quoted market prices with observable market data, and unobservable data (e.g., the Group's own data). The guidance requires disclosures detailing the extent to which companies measure assets and liabilities at fair value, the methods and assumptions used to measure fair value and the effect of fair value measurements on earnings. Accordingly, the Group has applied the following valuation techniques to measure fair value:

Level 1—Quoted market prices in active markets for identical assets or liabilities

Level 2—Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs)

Level 3—Unobservable inputs in which there is a little or no market data, which require the reporting entity to develop its own assumptions

The Group had no financial liabilities measured at fair value for any of the periods presented in this consolidated historical financial information and no financial assets measured at fair value at 31 December, 2013 and 1 January, 2013. At 30 June, 2016 and 2015, and at 31 December, 2015 and 2014, financial assets measured at fair value, which consisted solely of marketable securities, amounted to $0.2 million, $0.3 million, $0.2 million, and $0.9 million, respectively. Marketable securities are classified as Level 1 under the fair value hierarchy.

Liabilities not Measured at Fair Value

The carrying value of loans and borrowings is recorded at amortized cost. At 30 June, 2016 and 2015 the estimated fair value of the Group's loans and borrowings, excluding finance leases approximated $3,540.2 million and $3,614.8 million, in the aggregate, respectively. At 31 December, 2015, 2014, 2013 and 1 January, 2013, the estimated fair value of the Group's loans and borrowings, excluding finance leases approximated $3,503.2 million, $3,720.2 million, $4,067.1 million, and $3,125.6 million, in the aggregate, respectively. The fair values were estimated using the quoted market prices and current interest rates offered for similar debt issuances. Loans and borrowings are categorized as Level 2 under the fair value hierarchy. See Note 12—Loans and Borrowings for the face and the carrying values of the Group's loans and borrowings.

16. Financial Risk Management

Risk management framework

The Group has established objectives concerning the holding and use of financial instruments. The underlying basis of these objectives is to manage the financial risks faced by the Group. Formal policies and guidelines have been set to achieve these objectives.

16. Financial Risk Management (Continued)

Financial risk management objectives

Based on the operations of the Group throughout the world, the Directors consider that the key financial risks that it faces are credit risk, currency risk, liquidity risk and interest rate risk. The objectives under each of these risks are as follows:

- Credit risk: minimize the risk of default and concentration (discussed in Note 10—Trade and Other Receivables and in Note 2 (i)—Significant Accounting Policies).
- Currency risk: reduce exposure to foreign exchange movements principally between Euro, USD and the British Pound Sterling ("GBP").
- Liquidity risk: ensure adequate funding to support working capital and future capital expenditure requirements.
- Interest rate risk: mitigate risk of significant change in market rates on the cash flow of issued variable rate debt.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by continuously monitoring actual and projected cash outflows to ensure that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The tables below analyze the Group's financial liabilities at 30 June, 2016 and 2015, 31 December, 2015, 2014, and 2013, and 1 January, 2013 by contractual maturity date, including interest payments and the impact of netting arrangements:

	Contractual cash flows					
	Within 1 year or on demand	1–2 years	2–5 years	More than 5 years	Total	Carrying amount
30 June, 2016						
Loans and borrowings	$ 12.8	—	3,518.7	—	3,531.5	$3,505.1
Trade and other payables	$118.1	—	—	—	118.1	$ 118.1
Accrued expenses and other current liabilities	$ 75.1	—	—	—	75.1	$ 75.1
30 June, 2015 ***(unaudited)***						
Loans and borrowings	$ 55.8	—	3,509.7	—	3,565.5	$3,530.5
Trade and other payables	$101.8	—	—	—	101.8	$ 101.8
Accrued expenses and other current liabilities	$ 85.9	—	—	—	85.9	$ 85.9

16. Financial Risk Management (Continued)

	Contractual cash flows					
	Within 1 year or on demand	1–2 years	2–5 years	More than 5 years	Total	Carrying amount
31 December, 2015						
Loans and borrowings	$ 21.5	0.1	3,507.2	—	3,528.8	$3,498.5
Trade and other payables	$114.5	—	—	—	114.5	$ 114.5
Accrued expenses and other current liabilities	$ 69.4	—	—	—	69.4	$ 69.4
31 December, 2014						
Loans and borrowings	$ 43.7	1,277.7	2,310.4	—	3,631.8	$3,577.6
Trade and other payables	$ 99.4	—	—	—	99.4	$ 99.4
Accrued expenses and other current liabilities	$ 80.6	—	—	—	80.6	$ 80.6
31 December, 2013						
Loans and borrowings	$ 73.6	0.2	2,896.5	900.0	3,870.3	$3,795.5
Trade and other payables	$122.0	—	—	—	122.0	$ 122.0
Accrued expenses and other current liabilities	$ 90.9	—	—	—	90.9	$ 90.9
1 January, 2013						
Loans and borrowings	$ 45.2	0.1	1,837.3	1,074.8	2,957.4	$2,903.9
Trade and other payables	$106.3	—	—	—	106.3	$ 106.3
Accrued expenses and other current liabilities	$ 55.2	—	—	—	55.2	$ 55.2

The contractual maturities of loans and borrowings, inclusive of interest payments at 30 June, 2016 and 2015, and 31 December, 2015, 2014, and 2013 were as follows:

	Contractual cash flows				
Loans and borrowings, including interest[1]	Within 1 year or on demand	1–2 years	2–5 years	More than 5 years	Total
30 June, 2016	$264.6	258.1	3,773.6	—	**$4,296.3**
30 June, 2015 *(unaudited)*	$308.4	251.1	4,022.8	—	**$4,582.3**
31 December, 2015	$272.7	258.6	3,883.4	—	**$4,414.7**
31 December, 2014	$309.3	1,542.1	2,745.0	—	**$4,596.4**
31 December, 2013	$353.0	278.5	3,574.7	937.1	**$5,143.3**

(1) Assumes repayment of the principal amount of debt obligations at maturity.

Additionally, if the Group was fully drawn against the $200.0 million Revolving Credit Facility, the cash interest payments would have increased by approximately $4.8 million and $9.5 million for the six months ended 30 June, 2016 and the year ended 31 December, 2015, respectively.

Currency risk

The Group manufactures and sells its products in various countries around the world and as a result of the global nature of the operations, it is exposed to market risk arising from changes in currency exchange rates; however the Group foreign currency risk is diversified. The Group's primary net foreign currency translation exposures are the Euro, GBP, and Danish Krone ("DKK"). Where possible, the Group manages foreign currency risk by managing same currency revenues to same currency expenses and strategically denominating its debt in certain functional currencies in order to match with the projected functional currency exposures within its operations and thereby minimizing foreign currency risk. As a

16. Financial Risk Management (Continued)

result, the impact of the fluctuations in the market values of assets and liabilities and the settlement of foreign currency transactions are reduced.

Significant increases in the value of the U.S. Dollar relative to foreign currencies could have a material adverse effect on the results of operations. Assets and liabilities are converted based on the exchange rate on the statement of financial position date, and statement of profit or loss items are converted based on the average exchange rate during the period. Transactions that are to be settled in a currency that is not the functional currency of the transacting entity are recorded to the Consolidated Statement of Profit or Loss at each remeasurement date or settlement date. Additionally, assets and liabilities of subsidiaries whose functional currency is not USD are translated into USD at the exchange rate at each statement of financial position date. Any cumulative translation difference is recorded within equity.

The following exchange rates for the major currencies have been applied:

Currency	Average rate/ Closing rate	30 June, 2016	30 June, 2015	31 December, 2015	31 December, 2014	31 December, 2013	1 January, 2013
USD/EUR	Average	1.12	1.12	1.11	1.33	1.33	Not applicable
	Closing	1.11	1.11	1.09	1.21	1.37	1.32
USD/GBP	Average	1.43	1.53	1.53	1.65	1.56	Not applicable
	Closing	1.33	1.57	1.47	1.56	1.67	1.61
USD/DKK	Average	0.15	0.15	0.15	0.18	0.18	Not applicable
	Closing	0.15	0.15	0.15	0.16	0.18	0.18

Sensitivity analysis on currency risk

The most significant exposure to foreign currency risk relates to certain loans and borrowings. A reasonably possible 10% fluctuation of the USD against the EUR applied to loans and borrowings from third parties existing at the reporting date would have affected equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to loans and borrowings from third parties existing at that date. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any tax impact.

30 June, 2016	Equity	Profit or (Loss)
10% strengthening of USD compared to EUR	$ 35.6	$(24.9)
10% weakening of USD compared to EUR	$(35.6)	$ 24.9

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to interest rate cash flow risk.

16. Financial Risk Management (Continued)

Currency and Nature of Interest Rate of the Nominal Value of Borrowings

	30 June,			
	2016	%	2015 (unaudited)	%
Currency structure				
USD	$2,430.6	69%	$2,445.2	69%
EUR	1,100.9	31%	1,120.3	31%
Total	**$3,531.5**	**100%**	**$3,565.5**	**100%**
Rate structure				
Fixed	$1,922.8	54%	$1,923.9	54%
Floating	1,608.7	46%	1,641.6	46%
Total	**$3,531.5**	**100%**	**$3,565.5**	**100%**

	31 December,						1 January,	
	2015	%	2014	%	2013	%	2013	%
Currency structure								
USD	$2,441.2	69%	$2,778.6	77%	$2,861.6	74%	$1,925.2	65%
EUR	1,087.6	31%	$ 853.2	23%	$1,008.7	26%	$1,032.2	35%
Total	**$3,528.8**	**100%**	**$3,631.8**	**100%**	**$3,870.3**	**100%**	**$2,957.4**	**100%**
Rate structure								
Fixed	$1,916.8	54%	$2,310.6	64%	$2,401.2	62%	$1,471.0	50%
Floating	1,612.0	46%	$1,321.2	36%	$1,469.1	38%	$1,486.4	50%
Total	**$3,528.8**	**100%**	**$3,631.8**	**100%**	**$3,870.3**	**100%**	**$2,957.4**	**100%**

The Group manages this risk by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Sensitivity analysis on interest rate risk

The loans under the Group's Credit Facilities bear interest at floating rates of interest per annum equal to LIBOR and/or EURIBOR, or Alternate Base Rate "ABR" (subject to a minimum rate in the case of the term loan facility), as adjusted periodically, plus a spread. A plus or minus change of 1% in the interest rates in effect on 30 June, 2016, and 31 December, 2015, 2014 and 2013, would have a negative or positive impact on the Consolidated Statement of Profit or Loss and on equity of $16.1 million, $16.1 million, $14.1 million, and $29.7 million, respectively, assuming that all other variables remain constant and ignoring any tax effect.

17. 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 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.

17. Segment Information (Continued)

Revenue by franchise

The Group generates revenue across four major market franchises:

Wound Therapeutics. The Wound Therapeutics franchise includes advanced wound dressings and skin care products. These dressings and products are used for the management of acute and chronic wounds, such as those resulting from traumatic injury, burns, invasive surgery, diabetes, venous disease, immobility and other factors.

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 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 urological disorders. 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 by market franchise:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Revenue by market franchise					
Wound Therapeutics	$269.0	$254.1	$ 536.1	$ 565.8	$ 526.0
Ostomy Care	249.8	252.0	515.5	568.3	610.3
Continence & Critical Care	178.6	171.7	348.2	350.7	324.0
Infusion Devices	131.5	124.6	250.6	249.4	240.4
	$828.9	**$802.4**	**$1,650.4**	**$1,734.2**	**$1,700.7**

Geographic information

Geographic markets

The following table sets forth the Group's revenue in each geographic market in which customers are located:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Geographic markets					
EMEA	$365.4	$361.1	$ 735.5	$ 825.1	$ 796.4
Americas	399.5	375.0	787.8	768.5	740.1
APAC	64.0	66.3	127.1	140.6	164.2
	$828.9	**$802.4**	**$1,650.4**	**$1,734.2**	**$1,700.7**

17. Segment Information (Continued)

Geographic regions

The following table sets forth the Group's revenue on the basis of geographic regions where the legal entity resides and from which those revenues were made:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Geographic regions					
U.S.	$260.4	$237.7	$ 509.2	$ 485.1	$ 451.2
Denmark	151.4	144.2	289.7	296.9	318.8
U.K.	79.5	80.8	170.8	172.9	156.7
Switzerland	54.4	57.2	110.9	115.9	89.6
France	43.2	39.5	84.6	94.6	89.0
Other[1]	240.0	243.0	485.2	568.8	595.4
	$828.9	**$802.4**	**$1,650.4**	**$1,734.2**	**$1,700.7**

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

The following table sets forth the Group's long-lived assets by geographic regions:

	30 June,		31 December,			1 January,
	2016	2015	2015	2014	2013	2013
		(unaudited)				
Long-lived assets[1]						
U.S.	$1,178.9	$1,278.3	$1,232.8	$1,326.9	$1,401.9	$1,513.8
U.K.	492.5	610.5	558.6	625.2	720.3	757.7
Denmark	133.7	141.4	132.8	160.9	206.7	217.7
Other[2]	52.8	58.4	56.4	60.7	59.8	59.5
Total long-lived assets	**$1,857.9**	**$2,088.6**	**$1,980.6**	**$2,173.7**	**$2,388.7**	**$2,548.7**

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

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

Major Customers

For the six months ended 30 June, 2016 and 2015, and years ended 31 December, 2015, 2014 and 2013, no single customer generated more than 10% of the Group's revenue.

18. Related Party Transactions

In accordance with the ConvaTec Acquisition, the Group maintains an agreement with its Equity Sponsors (the "Management Agreement"), whereby the Equity Sponsors provide certain management advisory services. For services rendered by the Equity Sponsors, an annual fee of $3.0 million is payable in equal quarterly installments. The Group also pays other specified fees, in accordance with the Management Agreement. During each of the six months ended 30 June, 2016 and 2015 the Group incurred $1.5 million in contractual fees to the Equity Sponsors for services rendered in accordance with the Management Agreement. During each of the years ended 31 December, 2015, 2014, and 2013 the Group incurred $3.0 million in annual contractual fees to the Equity Sponsors for services rendered in accordance with the Management Agreement.

The Group's revenue included $3.4 million and $3.5 million for the six months ended 30 June, 2016 and 2015, respectively, of revenue to a related party. The Group's revenue included $7.6 million, $9.1 million, and $10.2 million in 2015, 2014, and 2013, respectively, of revenue to a related party. The accompanying

18. Related Party Transactions (Continued)

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 $1.3 million, $0.2 million, and $0.8 million at 30 June, 2016 and 2015, and 31 December, 2015, respectively.

Key management personnel compensation

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group. The definition of key management personnel includes directors (both executive and non-executive) and other executives from the management team with significant authority and responsibility for planning, directing and controlling the entity's activities.

Key management personnel compensation comprises the following:

	For the six months ended 30 June,		For the years ended 31 December,		
	2016	2015	2015	2014	2013
		(unaudited)			
Short term employee benefits	$ 3.7	$ 5.5	$ 9.3	$ 6.8	$ 6.0
Share based expense (income)	21.2	0.2	8.7	(1.4)	6.9
Post-employment benefits	0.6	0.4	1.0	0.5	0.4
Total	**$25.5**	**$ 6.1**	**$19.0**	**$ 5.9**	**$13.3**

The amounts of share based compensations to the key management personnel disclosed in the table above are based on the expense (income) recognized under IFRS 2.

19. Commitments and Contingencies

Operating Leases

Future minimum rental commitments under all non-cancellable operating leases in effect at 30 June, 2016 along with 31 December, 2015, 2014 and 2013, and 1 January, 2013 were as follows:

	30 June, 2016	31 December,			1 January, 2013
		2015	2014	2013	
Within 1 year	$18.8	$18.3	$18.8	$20.2	$20.6
After 1 and within 5 years	36.1	37.3	25.5	25.0	25.4
After 5 years	9.6	8.7	1.0	1.2	1.9
Total	**$64.5**	**$64.3**	**$45.3**	**$46.4**	**$47.9**

Certain lease agreements, primarily for real estate, contain renewal options and rent escalation clauses. Operating lease rental expense was $10.8 million and $9.9 million for the six months ended 30 June, 2016 and 2015, respectively. Operating lease rental expense was $20.3 million, $25.0 million and $26.4 million for the years ended 31 December, 2015, 2014 and 2013, respectively.

Other commitments

The Group had commitments related to capital expenditures of approximately $12.7 million and $27.8 million as of 30 June, 2016 and 31 December, 2015, respectively, primarily related to new manufacturing lines to support the growth of the ostomy care business. In addition, in August 2016, the Group entered into a fifteen year finance lease with future minimum lease payments of €36.7 million, in the aggregate.

Legal Proceedings

In the ordinary course of business, the Group and certain of its subsidiaries are subject to various legal proceedings and claims, including, for example, product liability matters, environmental matters,

19. Commitments and Contingencies (Continued)

employment disputes, disputes on agreements and other commercial disputes. In addition, the Group operates in an industry susceptible to patent litigation claims. At any given time, in the ordinary course of business, the Group has been in the past and may continue to be involved as either a plaintiff or defendant in patent infringement actions. If a third party's patent infringement claim were to be determined against the Group, the Group might be required to make significant royalty or other payments or might be subject to an injunction or other limitation on its ability to manufacture or distribute one or more products. If a patent owned by or licensed to the Group were to be determined to be invalid or unenforceable, the Group might be required to reduce the value of the patent on the Group's Consolidated Statement of Financial Position and to record a corresponding charge, which could be significant in amount. There are various lawsuits, claims, proceedings and investigations which are currently pending involving the Group.

In accordance with the accounting guidance related to contingencies, the Group records accruals for contingent liabilities when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. Legal costs related to litigation matters are expensed as incurred.

FDA Regulations

The Group is subject to regulation by the Food and Drug Administration ("FDA") under the Federal Food, Drug and Cosmetic Act ("FDCA") and other laws. The FDCA requires that medical devices introduced to the U.S. market, unless otherwise exempted, be the subject of either a premarket notification, known as a 510(k) clearance, or approval of premarket approval, known as a PMA application. Some of the Group's products may require approval of a PMA to be marketed in the U.S., while others may require a 510(k) clearance. Other products may be exempt from regulatory clearance or approval, but will still subject to regulation by the FDA.

As a medical device manufacturer, the Group is required to register its facilities and list its products with the FDA. In addition, the Group is required to comply with the FDA's current good manufacturing practices for medical devices, known as the Quality System Regulation ("QSR"), which requires that its devices be manufactured and records be maintained in a prescribed manner with respect to design and development, manufacturing, testing and control activities. The Group's manufacturing facilities are subject to periodic and occasional inspections by the FDA for compliance with the QSR which sometimes are unannounced. Further, the Group is required to comply with FDA requirements for labeling and promotion. For example, the FDA prohibits cleared or approved devices from being promoted for uncleared or unapproved uses, otherwise known as "off-label" promotion. There also are restrictions on the concurrent marketing of components that can be used to develop an assay.

Under the FDA medical device reporting regulations, the Group is required to report to the FDA information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or one of a similar devices were to recur. If the Group fails to report these events to the FDA within the required timeframes, or at all, the FDA could take enforcement action against the Group. Any such adverse event involving the Group's products also could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection or enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending itself in a lawsuit, will require the dedication of the Group's time and capital, distract management from operating the business, and may harm the Group's reputation and financial results.

If the FDA believes the Group is not in compliance with applicable laws or regulations, the agency can institute a wide variety of enforcement actions, ranging from issuance of warning letters or untitled letters; fines and civil penalties; unanticipated expenditures to address or defend such actions; delays in clearing or approving, or refusal to clear or approve, products; withdrawal or suspension of approval of products or those of third-party suppliers by the FDA or other regulatory bodies; product recall or seizure; orders for physician notification or device repair, replacement or refund; interruption of production; operating restrictions; injunctions; and criminal prosecution. The Group has been subject to FDA enforcement actions in the past, as discussed below.

19. Commitments and Contingencies (Continued)

FDA Inspections and Warning Letters

On 30 October, 2014 the FDA issued a Form FDA-483 at the conclusion of an inspection of the Osted, Denmark facility of Unomedical A/S, a subsidiary of the Group. A Form 483 is a list of inspectional observations issued by the FDA. The Form 483 identified three inspectional observations covering issues related to design validation and the facility's corrective and preventive action processes. Unomedical carefully reviewed the Form FDA-483 observations and submitted a written response to the FDA which identified the actions being taken to address the FDA's observations. In March 2015, the Group received a letter from the FDA indicating that the Agency was satisfied with the Group's responses to the inspectional observations and that no further regulatory action was justified.

On 24 June, 2014, the FDA issued a Warning Letter to Unomedical, s.r.o., a subsidiary of the Group, resulting from an inspection of the Michalovce, Slovakia manufacturing plant in February 2014. The Warning Letter identified certain violations of FDA regulations relating to manufacturing processes and controls at the facility. Following the February 2014 inspection, the Group took prompt action to correct the violations the FDA had identified, and provided updates, including documented evidence of corrective actions, to the FDA in April and June 2014. The Group held a follow-up meeting with the Foreign Inspections office of the FDA in September 2014 during which the Foreign Inspections office confirmed that it had no further questions. The Group hosted a follow-up inspection from the FDA in January 2015, which resulted in a two-observation Form 483, to which the Group responded and which observations the Group subsequently corrected. In July 2015, the Group received a letter from the FDA indicating the FDA was satisfied with the Group's responses to the inspectional observations and that no further regulatory action was justified. The letter also formally closed out the Warning Letter from 24 June, 2014.

The Group previously received a Warning Letter from the FDA dated 24 May, 2013 resulting from a routine inspection at its Skillman, New Jersey facility. The Warning Letter identified certain violations of FDA regulations relating to complaint handling and other quality management system elements at this facility. While the Skillman facility has since been closed as part of office space consolidation, the Group has added resources and updated its quality system to address the FDA's concerns. For example, the Group has employed resources at its new global quality, regulatory, and clinical affairs headquarters in Greensboro for complaint handling and at the Deeside Design Center in the U.K. for its R&D activities. The Group continues to review and improve its quality system to increase efficiency and ensure regulatory compliance. The Group agreed with the FDA to conduct a certification audit by the end of 2014, and such consultant-led certification audits were completed in December 2014 and submitted to the FDA. The Group believes these audits demonstrated significant progress in its remediation efforts. In June 2015, in a routine update to the FDA, the Group confirmed that it has completed remediation of the affected processes from the 24 May, 2013 Warning Letter and considered the associated Form 483 observations closed. In September 2015, the FDA visited the Group's Greensboro facility to conduct a follow-up inspection as a result of the 24 May, 2013 Warning Letter. The inspection resulted in zero 483 observations. On 5 January, 2016, the Group received an informal communication from the FDA that they intend to close out the 24 May, 2013 Warning Letter, and the formal close-out letter dated 10 February, 2016 has been published on the FDA's website.

Other Country/ Region Regulations

In addition to the requirements of the FDA in the U.S., the Group markets its products globally in many regions and countries and, as such, is also subject to those region and country regulations. The number of differing authorities include most notably the E.U., Japan, China and Australia.

As such, the Group's quality management system and supporting pre- and post-market processes are designed to meet the global requirements in the countries in which it markets its products.

For instance in the E.U. the Group's products are required to meet the requirements of the Medical Device Directive ("MDD" 93/42/EEC) and other associated Directives such as the Waste Electrical and Electronic Equipment Directive ("WEEE 2012/19/EU") before they can be commercialized. In order to demonstrate compliance with the essential requirements and obtain the right to affix a CE Mark, the

19. Commitments and Contingencies (Continued)

Group must undergo a conformity assessment procedure, which varies according to the type of medical device and its classification. Part of marketing the Group's devices in Europe requires that it is subject to both unannounced and announced audits of any of its facilities by a recognized notified body. These audits include surveillance of the Group's ISO13485-Medical Devices and quality management systems to assess compliance with requirements for regulatory purposes. These audits also include regular reviews of the Class 2b and Class 3 medical devices product technical files. These files hold the relevant objective evidence that forms the basis of the Group's pre-market product clearances in Europe. The Group has contracts with British Standards Institute ("BSI") that act as its Notified Body to carry out these services. Periodically the Group is also subject to audits from the European Union Country Competent authorities such as the Medicine and Healthcare Regulation Agency ("MHRA") in the U.K., with respect to certain of its facilities in relation to their manufacturing and distribution activities.

In September 2012, the European Commission published proposals for the revision of the E.U. regulatory framework for medical devices. The proposal would replace the Medical Device Directive and the Active Implantable Medical Devices Directive with a new regulation (the "Medical Devices Regulation"). Unlike the Directives that must be implemented into national laws, the Medical Devices Regulation would be directly applicable in all European Economic Area Member States and so is intended to eliminate current national differences in regulation of medical devices. If adopted, the Medical Devices Regulation is expected to enter into force in 2017 and become applicable three years thereafter. In its current form it would, among other things, also impose additional reporting requirements on manufacturers of high risk medical devices, impose an obligation on manufacturers to appoint a "qualified person" responsible for regulatory compliance, and provide for more strict clinical evidence requirements.

Failure to maintain adequate systems and records in these areas could result in non-conformities, such as a warning letter, being raised against the Group which in severe cases would cause an interruption in supply of products to patients or prevent new product launches.

Other countries and regions typically have similar requirements to the U.S. or E.U. regulations but are often different in their requirements. The Group's quality management system is designed to support these requirements as well. In support of what is a continuingly evolving landscape of global regulations the Group has established processes and procedures to monitor changes to the standards and regulations that could affect its business so it can react accordingly.

Corrections and Removals

The design, development, manufacture and sale of the Group's products involve an inherent risk of product liability or other claims by consumers and other third parties. The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in certain instances. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. In addition, manufacturers may, under their own initiative, recall a product, including in situations in which a material deficiency in a device is found. A government-mandated or voluntary recall by the Group could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of the Group's products would divert managerial and financial resources and have an adverse effect on the Group's financial condition and results of operations. The FDA requires that certain classifications of recalls be reported to the FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA.

The Group has been in the past, and continues to be, subject to various product liability lawsuits, product recalls and requirements to issue field corrections related to its products due to manufacturing deficiencies, labeling errors or other safety or regulatory reasons. In April 2014, the Group initiated of a voluntary global recall of its Flexi-Seal® CONTROL Fecal Management System as a result of the potential risk of harm associated with inconsistent performance of the product and certain related regulatory issues. The FDA classified this recall as a Class I recall, reflecting a determination that exposure to the device carries a reasonable probability of serious adverse health consequences, including death. In September

19. Commitments and Contingencies (Continued)

2015, the Group received notification from the FDA formally closing out the recall. In October 2014, the Group became aware of an issue with its NicoFix Securement device and decided to carry out a voluntary recall of affected lots which, is now closed.

In May 2015, the Group initiated a voluntary recall of certain batches of its Steel cannula infusion set devices, including the Sure-T, Sure-T Paradigm, contact detach, contact, Sub Q, neria, neria detach, neria multi and thalaset models, due to an increase in reported needle breakage. The recall is currently limited to affected devices in Germany and certain other European countries, and in some other countries, such as the U.S., a Field Safety notification has been issued. The Group has initiated the recall based on a determination that, in rare cases, the steel needle can break during use, thereby potentially interrupting the delivery of insulin or medication. While the reported failure rate was low, the Group commenced the recall following discussions with regulatory authorities in Germany and in other affected countries. The Group views this recall as a precautionary measure and has not received any reports of death or serious injury resulting from a breakage of the needle and/or interruption of therapy.

The Group also initiated a voluntary recall of its Suction Catheter devices in June 2015 after an increase in reported complaints of splitting of the connector portion. The recall has been initiated in Australia and the Czech Republic and is a precaution to ensure that distributed products are of the highest quality. The Group has completed destruction of the affected devices that have been returned and the recall has been closed.

In January 2016, the Group initiated a recall of a range of nebulizer products in Europe, the U.S., Canada, and China due to an increase in complaints related to the products' failure to generate an atomized spray as intended. Following an investigation, the Group determined that the issue was due to variability in a molding process during manufacturing. The FDA classified this recall as a Class II recall, reflecting a determination that exposure to the device may cause temporary or reversible adverse health consequences or that the probability of serious health consequences is remote. The Group is in the process of completing destruction of the affected devices that have been returned and anticipates closing out this recall shortly.

In April 2016, post-market reports identified a limited issue with the Instructions for Use ("IFU") on the Group's Italian models for the Flexiseal Catheter system where the local language requirements were missing. As a precautionary measure, shipments were held for a short period of time to update the IFU and the Group supplied Italian language instructions to the customers. The device is now back in production.

The circumstances that lead to recalls and other field actions, as well as similar occurrences in the future, may be the subject of product liability claims due to allegations that use of the Group's products resulted in adverse health consequences. For example, in June 2013, Medtronic MiniMed, Inc. ("Medtronic"), issued a recall of certain infusion sets, including the Quick-Set® and Silhouette® infusion sets, which include P-Cap connectors designed by Medtronic and manufactured for Medtronic by the Group for use with Medtronic insulin infusion pumps in diabetes care. Medtronic issued this recall due to a potential safety issue that can occur if insulin or other fluids come in contact with the inside of the tubing/P-Cap connector. This recall has resulted in new pending or threatened litigation against various of the Group's entities (the latter of which had no involvement in the manufacture or sale of infusion sets). These lawsuits allege that the infusion sets are defective and have caused injuries or death to various plaintiffs. All of these cases also include claims against Medtronic, and allegations that their insulin pumps (which the Group does not make or sell) are defective. To the best of the Group's knowledge, as of this report date, approximately 20 product liability lawsuits had been filed. The Group's entities have been voluntarily dismissed without prejudice from eight of these lawsuits. The Group has sent a demand to Medtronic seeking indemnification for these lawsuits consistent with the terms of the agreements between them. To date, Medtronic has rejected this demand. The Group also carries product liability insurance, subject to a self-insured retention, and has notified the insurance carrier about these lawsuits. The lawsuits are all in their early stages, and at this point the Group is unable to predict the likelihood of an unfavorable outcome or estimate any potential loss.

19. Commitments and Contingencies (Continued)

U.S. Department of Justice ("DOJ") Subpoena

CHA and one of its subsidiaries (180 Medical, Inc.) each received a subpoena from the United States Attorney's Office in Massachusetts ("USAO") in March 2014. The Group understands that the subpoenas were part of a broad industry investigation into the marketing and business practices of manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets. Both companies cooperated fully with the government.

180 Medical, along with multiple manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets, also informally received a copy of an unsealed, first amended qui tam False Claims Act Complaint filed in U.S. District Court for the District of Massachusetts on 20 November, 2014. A second amended complaint was filed on 28 May, 2015. The Group was not a named party in either Complaint.

The second amended Complaint originates with a qui tam action filed by current and former Coloplast employees. The second amended Complaint generally alleges improper marketing and business practices of manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets, and seeks to recover treble damages sustained by, and civil penalties and restitution owed to, the U.S. as a result of allegedly illegal kickback schemes, illegal telephone solicitation campaigns, and deceptive sales campaigns designed to defraud Medicare to pay for medically unnecessary products and fraudulent billing schemes.

On 29 July, 2015, the government officially declined to intervene against 180 Medical in the matter, and the relators voluntarily dismissed 180 Medical. On 5 February, 2016, the United States Attorney's Office confirmed that its investigation is closed and the subpoenas are withdrawn. On 8 February, 2016, the Court entered an Order dismissing all claims against 180 Medical, without prejudice.

Theft of Patient Data Litigation / HIPAA Matters

On or about 24 September, 2014, a subsidiary of the Group, Symbius, received a request for information and documentation from the Department of Health and Human Services Office of Civil Rights ("OCR") in connection with a breach notice filed by the Group under the Health Insurance Portability and Accountability Act ("HIPAA") in July 2014. The letter noted potential violations of various HIPAA Privacy and Security Rule and Breach Notification Rule provisions. The breach involved the alleged February 2014 theft of protected health information of approximately 13,000 patients by five former Symbius employees, who left to work for a competitor (the "Competitor"). The Group became aware of the alleged theft in May 2014. Separately, Symbius sued the employees ("Employee Defendants"), and their employer in Arizona Superior Court for Maricopa County, Case No. CV-2014-006931. The case was subsequently removed to the United States District Court for the District of Arizona, Case No. 2:14-cv-01047-GMS. A preliminary injunction was entered prohibiting further use or disclosure of the patient data. This matter has been resolved with a Confidential Settlement Agreement. The Group posted notice on its website and sent individual notices to the affected individuals listed on the documents known to be in the possession of the Employee Defendants after the date of their separation from Symbius in July 2014. Information and documents responsive to the OCR letter were timely produced by the Group on 10 November, 2014.

In March 2015, the Employee Defendants turned over information and documents during the course of discovery in the lawsuit, which for the first time disclosed a related breach circumstance of which the Group was previously unaware. The documents evidence that in May 2014, a then-current Symbius employee violated law and the Group's policies by emailing a spreadsheet containing 14,121 rows of patient data to the Employee Defendants, after they were hired by the Competitor. Upon becoming aware of this new related breach circumstance, the Group investigated and identified 800 uniquely affected individuals (who were not affected by the original February 2014 theft), and sent notifications to these individuals as required by law. The Group formally notified OCR about this related breach on 21 April, 2015. In a letter dated 7 July, 2015, OCR notified the Group that it has closed the case without further action.

19. Commitments and Contingencies (Continued)

Smith & Nephew / Patent Litigations and Settlement

The Group and its competitor Smith & Nephew ("S&N") have engaged in a series of multi-year litigations related to patents concerning various wound care products. In one of these matters, the defendants (including S&N) agreed to not market the product (Durafiber) during the pendency of the litigation provided that in the event the Group lost at trial it would pay for the defendants' lost profits. The Group lost at trial and on appeal and had until recently been engaged in litigation with the defendants as to the amount of their lost profits. The parties have entered into a confidential settlement agreement in respect of this litigation.

Environmental Proceedings

The Group is a party to proceedings and other matters under various national, state, and local environmental laws, and from time to time incurs the costs of investigating and/or remediating contamination resulting from past industrial activity at current or former company sites, or at waste disposal or reprocessing facilities operated by third parties.

With respect to environmental matters for which the Group is responsible under various national, state, and local laws, the Group typically estimates potential costs based on information obtained from the U.S. Environmental Protection Agency, or counterpart state agencies, other national environmental agencies and/or studies prepared by independent consultants, including total estimated costs for the site and the expected cost-sharing, if any, with other "potentially responsible parties", and the Group accrues liabilities when they are probable and reasonably estimable. As of 30 June, 2016, the Group does not expect to incur, and there have been no material costs for investigation and remediation for any sites for which it may be responsible, including liabilities under the U.S. Comprehensive Environmental Response, Compensation and Liability Act and for other remedial obligations.

The Group has been involved in certain lawsuits, claims, proceedings and investigations that are currently pending or have been concluded in the last three years. In accordance with the accounting guidance related to contingencies, the Group records accruals for such contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. These matters involve intellectual property, commercial, or environmental, health and safety matters.

There can be no assurance that there will not be an increase in the scope of the pending matter or that any future lawsuits, claims, proceedings, or investigations will not be material. The Group continues to believe that during the next few years, the aggregate impact, beyond current reserves, of these other legal matters affecting it is not expected to be material to its results of operations and cash flows, or its financial condition and liquidity.

20. Explanation of Transition to IFRS

As stated in Note 2(a), this is the Group's first consolidated historical financial information prepared in accordance with IFRS.

The significant accounting policies set out in Note 2 have been applied in preparing the consolidated historical financial information for the six months ended 30 June, 2016 and 2015, and for the years ended 31 December, 2015, 2014 and 2013, and in the preparation of an opening IFRS Consolidated Statement of Financial Position at 1 January, 2013 (the Group's date of transition).

In preparing its opening IFRS Consolidated Statement of Financial Position, the Group has adjusted amounts reported previously in the consolidated historical financial information prepared in accordance with U.S. GAAP ("Previous GAAP"). An explanation of how the transition from Previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

20. Explanation of Transition to IFRS (Continued)

	Notes	1 January, 2013 Previous GAAP (A)	IFRS reclass (B)	IFRS adjustments (C)	Effect of transition to IFRS (B) + (C) = (D)	IFRS (A) + (D)
Assets						
Property, plant and equipment, net		$ 302.9	$ —	$ —	$ —	$ 302.9
Intangible assets	g	2,235.9	—	9.9	9.9	2,245.8
Goodwill		1,127.8	—	—	—	1,127.8
Deferred tax assets	a, m	10.2	9.1	(9.7)	(0.6)	9.6
Restricted cash		4.7	—	—	—	4.7
Other assets	c	93.1	(47.4)	—	(47.4)	45.7
Non-current assets		**3,774.6**	**(38.3)**	**0.2**	**(38.1)**	**3,736.5**
Inventories		207.9	—	—	—	207.9
Trade and other receivables		285.1	—	—	—	285.1
Prepaid expenses and other current assets	m	67.5	—	(17.5)	(17.5)	50.0
Cash and cash equivalents		131.3	—	—	—	131.3
Deferred income taxes, net of valuation allowances	a	9.1	(9.1)	—	(9.1)	—
Current assets		**700.9**	**(9.1)**	**(17.5)**	**(26.6)**	**674.3**
Total assets		**$ 4,475.5**	**$(47.4)**	**$(17.3)**	**$(64.7)**	**$ 4,410.8**
Equity						
Common stock		$ 2,253.3	$ —	$ —	$ —	$ 2,253.3
Retained deficit	e, g, h, m, n	(1,337.5)	(33.4)	4.2	(29.2)	(1,366.7)
Equity reserves	e	(38.4)	33.4	—	33.4	(5.0)
Total equity		**877.4**	**—**	**4.2**	**4.2**	**881.6**
Liabilities						
Loans and borrowings	c	2,906.1	(47.4)	—	(47.4)	2,858.7
Deferred tax liabilities	a, m	276.7	2.1	(23.1)	(21.0)	255.7
Provisions	b	—	1.3	—	1.3	1.3
Other liabilities	b, h	88.6	(1.3)	1.6	0.3	88.9
Non-current liabilities		**3,271.4**	**(45.3)**	**(21.5)**	**(66.8)**	**3,204.6**
Trade and other payables	d	90.2	16.1	—	16.1	106.3
Loans and borrowings		45.2	—	—	—	45.2
Accrued expenses and other current liabilities	b	110.3	(17.9)	—	(17.9)	92.4
Employee benefits		62.8	—	—	—	62.8
Provisions	b	—	17.9	—	17.9	17.9
Accrued rebates and returns	d	16.1	(16.1)	—	(16.1)	—
Deferred income taxes	a	2.1	(2.1)	—	(2.1)	—
Current liabilities		**326.7**	**(2.1)**	**—**	**(2.1)**	**324.6**
Total liabilities		**3,598.1**	**(47.4)**	**(21.5)**	**(68.9)**	**3,529.2**
Total equity and liabilities		**$ 4,475.5**	**$(47.4)**	**$(17.3)**	**$(64.7)**	**$ 4,410.8**

20. Explanation of Transition to IFRS (Continued)

	Notes	31 December, 2015 Previous GAAP (A)	IFRS reclass (B)	IFRS adjustments (C)	Effect of transition to IFRS (B) + (C) = (D)	IFRS (A) + (D)
Assets						
Property, plant and equipment, net	k	$ 255.1	$ —	$ (3.6)	$ (3.6)	$ 251.5
Intangible assets	g, j	1,697.2	—	31.9	31.9	1,729.1
Goodwill		838.1	—	—	—	838.1
Deferred tax assets	a, m	6.0	14.0	(14.7)	(0.7)	5.3
Restricted cash		5.7	—	—	—	5.7
Other assets		23.3	—	—	—	23.3
Non-current assets		**2,825.4**	**14.0**	**13.6**	**27.6**	**2,853.0**
Inventories	k	229.0	—	(0.1)	(0.1)	228.9
Trade and other receivables		232.1	—	—	—	232.1
Prepaid expenses and other current assets	m	39.5	—	(16.3)	(16.3)	23.2
Cash and cash equivalents		273.0	—	—	—	273.0
Deferred income taxes, net of valuation allowances	a	14.0	(14.0)	—	(14.0)	—
Current assets		**787.6**	**(14.0)**	**(16.4)**	**(30.4)**	**757.2**
Total assets		**$ 3,613.0**	**$ —**	**$ (2.8)**	**$ (2.8)**	**$ 3,610.2**
Equity						
Common stock		$ 2,253.3	$ —	$ —	$ —	$ 2,253.3
Retained deficit	e, g, h, i, j, k, l, m, n	(2,421.7)	—	(27.0)	(27.0)	(2,448.7)
Equity reserves	e, g, k	(245.1)	—	40.5	40.5	(204.6)
Total equity		**(413.5)**	**—**	**13.5**	**13.5**	**(400.0)**
Liabilities						
Loans and borrowings	i	3,471.5	—	5.5	5.5	3,477.0
Deferred tax liabilities	a, m	210.7	4.7	(28.5)	(23.8)	186.9
Provisions	b	—	1.1	—	1.1	1.1
Other liabilities	b, h	54.0	(1.1)	6.7	5.6	59.6
Non-current liabilities		**3,736.2**	**4.7**	**(16.3)**	**(11.6)**	**3,724.6**
Trade and other payables	d	96.0	18.5	—	18.5	114.5
Loans and borrowings		21.5	—	—	—	21.5
Accrued expenses and other current liabilities	b, k	101.7	(3.6)	—	(3.6)	98.1
Employee benefits		43.6	—	—	—	43.6
Provisions	b	—	3.6	—	3.6	3.6
Deferred revenue		4.3	—	—	—	4.3
Accrued rebates and returns	d	18.5	(18.5)	—	(18.5)	—
Deferred income taxes	a	4.7	(4.7)	—	(4.7)	—
Current liabilities		**290.3**	**(4.7)**	**—**	**(4.7)**	**285.6**
Total liabilities		**4,026.5**	**—**	**(16.3)**	**(16.3)**	**4,010.2**
Total equity and liabilities		**$ 3,613.0**	**$ —**	**$ (2.8)**	**$ (2.8)**	**$ 3,610.2**

20. Explanation of Transition to IFRS (Continued)

	Notes	Year ended 31 December, 2015 Previous GAAP (A)	IFRS reclass (B)	IFRS adjustments (C)	Effect of transition to IFRS (B) + (C) = (D)	IFRS (A) + (D)
Revenue	k	$1,650.5	$ —	$ (0.1)	$ (0.1)	$1,650.4
Cost of goods sold	g, k	799.3	—	0.6	0.6	799.9
Gross profit		**851.2**	**—**	**(0.7)**	**(0.7)**	**850.5**
Selling and distribution expenses	k	346.9	—	(0.2)	(0.2)	346.7
General and administrative expenses	g, h, k, l	228.2	—	4.9	4.9	233.1
Research and development expenses	g	41.2	—	(0.9)	(0.9)	40.3
Impairment loss	j	12.2	—	(12.2)	(12.2)	—
Operating profit		**222.7**	**—**	**7.7**	**7.7**	**230.4**
Finance costs	f, i	270.3	27.8	5.5	33.3	303.6
Loss on extinguishment of debt	f, i	26.9	(27.8)	0.9	(26.9)	—
Foreign exchange loss	f, k	32.9	(36.4)	3.5	(32.9)	—
Other expense, net	f	0.7	36.4	—	36.4	37.1
Loss before income taxes		**(108.1)**	**—**	**(2.2)**	**(2.2)**	**(110.3)**
Income tax expense	m	(16.6)		(0.3)	(0.3)	(16.9)
Net loss		**$ (91.5)**	**$ —**	**$ (1.9)**	**$ (1.9)**	**$ (93.4)**
Net loss		$ (91.5)				$ (93.4)
Foreign operations—Foreign currency translation differences	g, k	(86.6)	—	2.5	2.5	(84.1)
Other		(0.8)	—	—	—	(0.8)
Total comprehensive loss		**$ (178.9)**	**$ —**	**$ 2.5**	**$ 2.5**	**$ (178.3)**

Consolidated Statement of Cash Flows for the year ended 31 December, 2015

There were no material differences between the Consolidated Statement of Cash Flows presented under IFRS and the Consolidated Statement of Cash Flows presented under Previous GAAP.

Notes to the reconciliation of Previous GAAP to IFRS

IFRS reclassifications

a. ***Deferred tax assets and liabilities***

Under IFRS, deferred taxes are non-current regardless of the period in which the underlying timing differences are expected to reverse. As such, current deferred tax assets and liabilities were reclassified from current to non-current assets and liabilities, respectively, under IFRS.

b. ***Provisions***

IFRS requires separate disclosure of provisions on the face of the Consolidated Statement of Financial Position. There was no such requirement under Previous GAAP. Accordingly, liabilities under Previous GAAP, which met the definition of a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), were reclassified from current or long-term liabilities to current or non-current provisions, respectively. These provisions primarily include accruals for decommissioning costs, restructuring costs and estimable legal liabilities.

20. Explanation of Transition to IFRS (Continued)

c. ***Deferred financing fees***

Under IFRS, deferred financing fees are presented as a reduction of the related loans and borrowings. Under Previous GAAP, deferred financing fees were presented at the transition date as a component of other long-term assets. Deferred financing fees were therefore reclassified from other long-term assets to non-current loans and borrowings.

In 2015, the Group early-adopted the guidance issued by Previous GAAP which requires deferred financing fees to be presented in the Consolidated Statement of Financial Position as a direct deduction from the carrying value of the associated debt, consistent with the presentation required under IFRS. For that reason, no such reclassification is required at 31 December, 2015.

d. ***Accrued rebates and returns***

Under IFRS, accrued rebates and returns have been presented as a component of trade and other payables. Under Previous GAAP, accrued rebates and returns were disclosed as a separate line on the Consolidated Statement of Financial Position.

e. ***Cumulative translation adjustment ("CTA")***

Under Previous GAAP, the CTA was previously presented as a component of Equity reserves. For the Group's first-time adoption of IFRS, an optional exemption under IFRS 1 for cumulative foreign exchange differences allows the Group to deem previously recognized cumulative foreign exchange differences to be zero at the date of transition, and reclassify any amounts recognized in accordance with Previous GAAP at that date to retained earnings. The Group made the election to deem previously recognized cumulative foreign exchange differences to be zero at the date of transition.

f. ***Loss on extinguishment of debt and Foreign exchange loss***

Under Previous GAAP, the Loss on extinguishment of debt and Foreign exchange loss were presented separately. Under IFRS, the Loss on extinguishment of debt has been presented as a component of Finance costs while Foreign exchange loss has been presented as a component of Other (income) expense, net.

IFRS adjustments

g. ***Development costs***

Under Previous GAAP, research and development costs were expensed as incurred. IFRS requires capitalization of development expenses which meet the recognition criteria outlined in IAS 38. The Group determined that certain development costs specific to development projects undertaken by its Infusion Devices practice met the IAS 38 recognition criteria at the date of transition to IFRS and every subsequent year. As such, an adjustment is required to record an intangible asset in respect of development costs at 1 January, 2013 and thereafter. The net book value of the capitalized intangible assets amounted to $9.9 million and $2.5 million at 1 January, 2013 and 31 December, 2015, respectively. At 1 January, 2013 and 31 December, 2015, capitalized costs of $11.3 million and $7.1 million were reduced by accumulated amortization of $1.4 million and $4.6 million, respectively.

h. ***Share based payments***

Under Previous GAAP, the Group's liability classified share-based payment arrangements with graded vesting were accounted for ratably over the longest vesting tranche (i.e. its MEP awards). For awards that grade vest, IFRS requires each tranche to be accounted for as a separate award and accordingly, expense is recognized using a graded vesting approach. The difference in accounting treatment resulted in a transition date adjustment of $1.6 million to the MEP liability. Additionally, for the year ended 31 December, 2015, $3.5 million of additional compensation expense was recorded for the MEP liability

20. Explanation of Transition to IFRS (Continued)

while the cumulative effect from the respective adjustments for the years ended 31 December, 2013 and 2014, amounted to $1.6 million.

i. ***Deferred financing fees***

Under Previous GAAP, the Group deferred third party fees of $6.2 million, which were incurred in connection with a debt refinancing which constituted a substantial debt modification (or extinguishment under IFRS) during the year ended 31 December, 2015. Under IFRS, these fees are required to be expensed as incurred. Accordingly, an adjustment is required to reverse the unamortized third party fees and the related amortization expense. In aggregate, this adjustment increases finance costs and non-current loans and borrowings by $5.5 million at 31 December, 2015.

j. ***Impairment***

Due to the requirement under IFRS to consider the higher of fair value and value in use, the Group reassessed the level at which trade names are tested for impairment, in accordance with the requirements of IAS 36, upon transition to IFRS and at each subsequent reporting period end. This reassessment resulted in a reversal of impairment losses of $12.2 million and $17.2 million, recognized under Previous GAAP, for the years ended 31 December, 2015 and 2014, respectively.

Under Previous GAAP, an impairment loss of $24.1 million was recognized for the year ended 31 December, 2013, relating to a corporate facility. The impairment loss represented the difference between the fair value of the facility and its carrying amount. Under IFRS, the asset's recoverable amount was determined by reference to its fair value less costs to sell. Costs to sell were estimated at $0.7 million and an adjustment was required to write down the asset under IFRS.

k. ***Hyperinflation***

Under Previous GAAP, operations in a country experiencing hyperinflation are presented as if the functional currency was the U.S. Dollar. Conversely, IFRS requires that the entity's functional currency is maintained and results are restated by applying a general consumer price index, prior to being translated into the presentation currency of the Group. As such, for IFRS purposes, the local currency results of the Group's Venezuelan subsidiary are adjusted for inflation and then translated to the U.S. Dollar using the closing rate at the reporting period end. The impact for the fiscal 2015 was as follows: (i) a decrease of $0.1 million in revenue, (ii) an increase of $0.4 million in operating profit, and (iii) an increase of $3.1 million in net loss.

l. ***Insurance recovery***

Under Previous GAAP, the Group recorded proceeds of $1.3 million from an insurance recovery related to product recalls as a reduction of General and administrative expenses during the year ended 31 December, 2015. Under IFRS, the insurance recovery was determined to have been virtually certain at 31 December, 2014 and as such, the recovery has been recorded in the IFRS Consolidated Statement of Profit or Loss for the year ended 31 December, 2014.

m. ***Taxes***

i) ***Intercompany transfers***

Under Previous GAAP, any tax expense incurred by the seller on intercompany profits arising on transfers of assets, remaining with the Group, is deferred. This includes both current tax paid and the tax effect of any temporary differences in the seller's jurisdiction. The deferred tax expense is generally shown as prepaid tax on the statement of financial position and is later recognized when the asset is sold to an unrelated third party or consumed by the Group. Furthermore, Previous GAAP prohibited recognition of a deferred tax asset for the temporary difference resulting from a new tax base in the buyer's jurisdiction. As a result, prepaid taxes on asset transfers are only recognized at the seller's rate for differences between the tax basis (before the transfer) and the book basis in the asset as if the sale had not occurred.

20. Explanation of Transition to IFRS (Continued)

Under IFRS, an intercompany transfer of assets between tax jurisdictions is generally a taxable event that establishes a new tax basis for the assets in the buyer's tax jurisdiction. With respect to intercompany transactions between entities operating in different tax jurisdictions, the rate applied to the temporary difference is that at which the difference is expected to reverse, which is generally that of the buyer's tax jurisdiction. If the buyer's tax rate is different from the seller's tax rate, the deferred tax recognized may not entirely offset the taxes payable from the sale in consolidation.

Owing to these differences, the following IFRS adjustments were required at the transition date and at 31 December, 2015:

- Reversal of a prepaid tax balance of $17.5 million and $3.6 million as recorded under Previous GAAP in respect of intercompany transfers at 1 January, 2013 and 31 December 2015, respectively; and
- Establishment of an income tax payable using the effective tax rate in the seller's market and a deferred tax asset using the effective tax rate in the buyer's market. This resulted in an IFRS adjustment to a deferred tax asset of $15.6 million and $3.9 million at 1 January, 2013 and 31 December, 2015, respectively.

These adjustments culminated in an increase of $1.9 million in the opening retained deficit and a decrease of $0.3 million in the retained deficit as of 31 December, 2015.

ii) ***Tax effect of IFRS adjustments***

For IFRS purposes, the tax effect of the adjustments discussed in g through l, was primarily related to development costs and amounted to $2.2 million, decreasing the opening retained deficit and increasing the deferred tax liability by this amount. The respective tax effect for the year ended 31 December, 2015 was immaterial.

n. ***Retained deficit***

The previously discussed changes (increased) or decreased the retained deficit as follows:

	31 December, 2015	1 January, 2013
Changes in:		
Development costs	$ (0.1)	$ 9.9
Share based payments	(3.5)	(1.6)
Deferred taxes, income tax payable and prepaid expenses	0.3	(4.1)
Reversal of impairment related to trade names	12.2	—
Third party fees on debt refinancing	(6.4)	—
Insurance recovery	(1.3)	—
Hyperinflation	(6.7)	—
CTA reset	—	(33.4)
IFRS adjustments from prior periods	(21.5)	—
Increase to retained deficit	$(27.0)	$(29.2)

21. Subsequent Events

The Group has evaluated subsequent events through 25 October 2016, the date the historical financial information was approved by the board of directors.

On September 29, 2016, the Company entered into a share purchase agreement to acquire Eurotec Beheer B.V. for a total purchase price of approximately €25 million. The transaction is subject to certain closing conditions and is expected to close early in 2017.

On 5 October 2016, the Dominican Republic enacted a 10 per cent. withholding tax on dividends paid by entities operating within the free trade zone. The Group currently has subsidiary operations within the free

21. Subsequent Events (Continued)

trade zone of the Dominican Republic. Under this regulation, the 10 per cent. withholding tax would only become payable at the time of the payment of any intragroup dividends outside the Dominican Republic. The Group will incur a non-cash charge in its Consolidated Statement of Profit or Loss in respect of the withholding tax on any future profits in the Dominican Republic at the time earned, however it does not expect these charges to be material to the Group. As a result of the enactment of this legislation, the Group anticipates incurring a cumulative non-cash tax charge in its results for the year ending 31 December 2016 in respect of the subsidiary's total retained earnings. Based on this subsidiary's retained earnings as of 30 June 2016, a non-cash tax charge of approximately $25.6 million would have been included on the Consolidated Statement of Profit or Loss for six months ending 30 June 2016 if this withholding tax had been enacted on or before 30 June 2016.

PART 13
Unaudited Pro Forma Financial Information

Section A—Unaudited pro forma financial information

Set out below is an unaudited pro forma statement of net assets of the Group as at 30 June 2016. It has been prepared on the basis consistent with the accounting policies of the Group and set out in the notes below and in accordance with Annex II of the Prospectus Rules to illustrate the impact on the net assets of the Group of the receipt by the Company of the net proceeds of the Offer, the redemption of existing financing, the drawdown of new financing and the Reorganisation, had these taken place on 30 June 2016.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future. The unaudited pro forma information is based on the audited net assets of the Group as at 30 June 2016 as shown in Part 12 (Historical Financial Information). No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 June 2016, being the date of the last published balance sheet of the Group.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus and not rely solely on

the summarised financial information contained in this Part 13 (Unaudited Pro Forma Financial Information) of this Prospectus.

		Adjustments			
	Group net assets / (liabilities) as at 30 June 2016	Settlement of share based payments arising upon IPO	Net proceeds from the Offer	Refinancing	Unaudited pro forma net assets as at 30 June 2016
	(Note 1)	(Note 2)	(Note 3) ($ million)	(Note 4)	
Assets					
Non-current assets					
Property, plant and equipment, net	238.4	—	—	—	238.4
Intangible assets	1,619.5	—	—	—	1,619.5
Goodwill	919.9	—	—	—	919.9
Deferred tax assets	4.9	—	—	—	4.9
Restricted cash	3.3	—	—	—	3.3
Other assets	21.7	—	—	—	21.7
	2,807.7	**—**	**—**	**—**	**2,807.7**
Current assets					
Inventories	241.8	—	—	—	241.8
Trade and other receivables	244.7	—	—	—	244.7
Prepaid expenses and other current assets	17.3	—	—	—	17.3
Cash and cash equivalents	274.5	(34.7)	1,749.7	(1,801.4)	188.1
Total Assets	**3,586.0**	**(34.7)**	**1,749.7**	**(1,801.4)**	**3,499.6**
Liabilities					
Non-current liabilities					
Loans and borrowings	(3,492.3)	—	—	1,723.1	(1,769.2)
Deferred tax liabilities	(173.1)	—	—	—	(173.1)
Provisions	(1.2)	—	—	—	(1.2)
Other liabilities	(91.0)	—	—	—	(91.0)
	(3,757.6)	**—**	**—**	**1,723.1**	**(2,034.5)**
Current liabilities					
Trade and other payables	(118.1)	—	—	—	(118.1)
Loans and borrowings	(12.8)	—	—	12.7	(0.1)
Accrued expenses and other current liabilities	(105.7)	—	—	39.2	(66.5)
Employee benefits	(46.9)	—	—	—	(46.9)
Provisions	(13.6)	—	—	—	(13.6)
Deferred revenue	(1.7)	—	—	—	(1.7)
Total liabilities	**(4,056.4)**	**—**	**—**	**1,775.0**	**(2,281.4)**
Net (liabilities) assets	**(470.4)**	**(34.7)**	**1,749.7**	**(26.4)**	**1,218.2**

Notes:

(1) The financial information as at 30 June 2016 has been extracted from the audited consolidated historical financial information of the Group as at 30 June 2016, as set out in Part 12 (Historical Financial Information).

(2) The adjustment reflects the redemption of ordinary shares held by certain current and former employees of the Group through two Delaware limited partnerships, Cidron Healthcare MIV 1, LP and Cidron Healtcare MIV 3, LP for cash.

(3) The adjustment reflects the receipt by the Group of gross proceeds from the Offer of $1,792.4 million (through the issue of New Shares), less underwriting commissions and certain other estimated fees and expenses of approximately $42.7 million.

(4) The Group will draw down $1,794.6 million of new term loan and revolving credit facilities (together, the "New Credit Facilities"). Debt issue costs paid of $25.4 million have been capitalised within borrowings and will be amortised over the term of the New Credit Facilities.

The adjustment to borrowings as at 30 June 2016 represents the repayment of borrowings of $3,505 million net of $26.4 million of unamortised debt issue costs that arose in connection with those debt facilities and that will be written off to the consolidated statement of profit or loss, plus accrued but unpaid interest.

Deloitte.

Deloitte LLP

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The Board of Directors
on behalf of ConvaTec Group Plc
3 Forbury Place
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UBS Limited
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26 October 2016

Dear Sirs

ConvaTec Group Plc (the "Company")

We report on the pro forma financial information (the "Pro forma financial information") set out in Part 13 of the prospectus dated 26 October 2016 (the "Prospectus"), which has been prepared on the basis described in the notes within Part 13, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies to adopted by the Company in preparing the financial statements for the period ended 30 June 2016. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents,

considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited (''DTTL''), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

PART 14
Details of the Offer

Background

Through the issue of 651,111,111 New Shares pursuant to the Offer, the Company expects to raise gross proceeds of £1,465 million being the pounds sterling equivalent of approximately $1,792 million (calculated at an exchange rate of £1:$1.2235). The New Shares will represent approximately 33.4 per cent. of the expected issued ordinary share capital of the Company immediately following Admission.

Approximately 8,623,885 Existing Shares are expected to be sold by the Selling Shareholders. In addition, a further 98,960,249 Overallotment Shares are being made available by the Principal Shareholders pursuant to the Overallotment Option described below.

Management Shareholders (being the Executive Directors, the Senior Managers and other senior employees and former employees of the Group that currently hold interests in Cidron Healthcare MIV 2, LP, a Delaware limited partnership that will, pursuant to the terms of the Reorganisation Agreement be exchanged for Shares in the Company in the Reorganisation) that are employees of the Group will be provided with the opportunity to sell up to 25 per cent. of their Shares in the Offer or, in limited cases, more if required to meet a personal tax charge arising from the Reorganisation.

In the Offer, Shares will be offered (i) to certain institutional investors in the United Kingdom and elsewhere outside the United States and (ii) in the United States only to qualified institutional buyers in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Certain restrictions that apply to the distribution of this Prospectus and the Shares being issued and sold under the Offer in jurisdictions outside the United Kingdom are described below.

When admitted to trading, the Shares will be registered with ISIN number GB00BD3VFW73 and SEDOL (Stock Exchange Daily Official List) number BD3VFW7 and trade under the symbol "CTEC".

Immediately following Admission, it is expected that in excess of 33.8 per cent. of the Company's issued ordinary share capital will be held in public hands (within the meaning of paragraph 6.1.19 of the Listing Rules) assuming that no Overallotment Shares are acquired pursuant to the Overallotment Option (increasing to 38.9 per cent. if the maximum number of Overallotment Shares are acquired pursuant to the Overallotment Option).

Reasons for the Offer and use of proceeds

The Directors believe that this is an appropriate time to bring the Group to the public market, reflecting the robust platform established for future growth, including a re-invigorated management team that are executing on the Group's clear strategy. The Directors believe that the Offer will:

- further increase the Group's profile, brand recognition and credibility with its customers, suppliers and employees;
- enable the Group to reduce its current leverage;
- assist in recruiting, retaining and incentivising key management and employees; and
- provide an opportunity for partial realisation of the investment in the Group for its existing shareholders.

The Company intends to use the net proceeds from the issue of the New Shares, together with approximately $1,795 million to be drawn under the New Credit Facilities, as follows:

- approximately $900 million (excluding accrued interest) to redeem immediately following Admission all of the PIK Notes at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on PIK Notes of approximately $22.1 million;
- approximately $1,017 million (excluding accrued interest) to redeem on 15 December 2016 all of the Existing Senior Notes at a redemption price of 100.0 per cent. of their principal amount together with outstanding accrued and unpaid interest on the Existing Senior Notes of approximately $39.1 million and €13.6 million;

- approximately $1,593 million (excluding accrued interest) to repay immediately following Admission outstanding amounts under the Group's Existing Credit Facilities plus accrued and unpaid interest of $5.8 million, in the aggregate; and
- approximately $34.7 million to repay immediately following Admission the intercompany loan that was used to fund the redemption of ordinary shares in ConvaTec Healthcare A S.à r.l. held by certain current and former employees of the Group immediately prior to Admission and distribute cash currently held on behalf of those employees.

The Company expects to incur underwriting commissions and other fees and expenses in connection with the Offer of approximately $71.0 million, of which the Company intends to pay approximately $42.7 million from the proceeds of the Offer and will pay, or has already paid, approximately $28.3 million from the Group's cash resources. Approximately $42.7 million of the fees and expenses of the Offer are directly attributable to the issuance of securities for accounting purposes.

Allocation

The rights attaching to the Shares will be uniform in all respects and they will form a single class for all purposes. The Shares allocated under the Offer have been underwritten, subject to certain conditions, by the Underwriters as described in the paragraph headed "*Underwriting arrangements*" below and in paragraph 7 of Part 15 (Additional Information). Allocations under the Offer will be determined at the discretion of the Company and the Principal Shareholders following consultation with the Joint Global Coordinators. All Shares issued or sold pursuant to the Offer will be issued or sold, payable in full, at the Offer Price. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 11.3 of Part 15 (Additional Information).

Dealing arrangements

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for an agreement of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders, the Principal Shareholders and the Underwriters. Further details of the Underwriting Agreement are described in paragraph 7.1 of Part 15 (Additional Information).

It is expected that Admission will become effective, and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 31 October 2016. Settlement of dealings from that date will be on a two-day rolling basis. Prior to Admission, conditional dealings in the Shares are expected to commence on the London Stock Exchange on 26 October 2016. Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. The earliest date for such settlement of such dealings will be 31 October 2016. **All dealings before the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned. These dates and times may be changed without further notice.**

Each investor will be required to undertake to pay the Offer Price for the Shares issued or sold to such investor in such manner as shall be directed by the Joint Global Coordinators.

It is expected that Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the risk of the person concerned.

Overallotment and stabilisation

In connection with the Offer, Goldman Sachs International, as Stabilising Manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings in the Shares on the London Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilising Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be

discontinued at any time without prior notice. In no event will measure be taken to stabilise the market price of the Shares above the Offer Price. Except as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any overallotments made and/or stabilising transactions conducted in relation to the Offer.

In connection with the Offer, the Stabilising Manager may, for stabilisation purposes, over-allot Shares up to a maximum of 20 per cent. of the total number of Shares comprised in the Offer. For the purposes of allowing the Stabilising Manager to cover short positions resulting from any such overallotments and/or from sales of Shares effected by it during the stabilising period, the Principal Shareholders will have granted to the Stabilising Manager the Overallotment Option, pursuant to which the Stabilising Manager may purchase or procure purchasers for additional Shares at the Offer Price, which represents up to an additional 15 per cent. of the Offer Size. The Overallotment Option will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the commencement of conditional dealings in the Shares on the London Stock Exchange. Any Overallotment Shares made available pursuant to the Overallotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being issued or sold in the Offer and will form a single class for all purposes with the other Shares.

For a discussion of certain stock lending arrangements entered into in connection with the Overallotment Option, see paragraph 7.3 of Part 15 (Additional Information).

CREST

CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. With effect from Admission, the Articles will permit the holding of Shares in the CREST system.

Application has been made for the Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any shareholder so wishes. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so.

Underwriting arrangements

The Underwriters have entered into commitments under the Underwriting Agreement pursuant to which they have agreed, subject to certain conditions, to procure subscribers for the New Shares to be issued by the Company and purchasers for the Existing Shares to be sold by the Selling Shareholders in the Offer, or, failing which, themselves to subscribe for or purchase such Shares, at the Offer Price. The Underwriting Agreement contains provisions entitling the Underwriters to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. The Underwriting Agreement provides for the Underwriters to be paid commission in respect of the New Shares issued, the Existing Shares sold and any Overallotment Shares sold following exercise of the Overallotment Option. Any commissions received by the Underwriters may be retained, and any Shares acquired by them may be retained or dealt in, by them, for their own benefit.

Certain of the Underwriters and/or their respective affiliates have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company, the Selling Shareholders and/or the Principal Shareholders (or any parties related to the Company) for which they have received or may in the future receive customary compensation, fees and/or commission. In particular, the Company has entered into the Credit Facilities Agreement with certain of the Underwriters or their affiliates, see paragraph 10.4 of Part 15 (Additional information).

In addition, certain of the Underwriters or their affiliates may participate in financing arrangements, including a potential margin loan or hedging arrangements, with the Company, the Selling Shareholders or either of the Principal Shareholders. Such Underwriters or their affiliates may receive fees or other compensation as part of these arrangements in addition to any commissions received under the Underwriting Agreement.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and/or the Company's, the Selling Shareholders' and/or the Principal Shareholders' interests.

Further details of the terms of the Underwriting Agreement are set out in paragraph 7.1 of Part 15 (Additional Information). Certain selling and transfer restrictions are set out below.

Lock-up arrangements

Pursuant to the Underwriting Agreement, the Company has agreed that, subject to certain exceptions, during the period of 180 days from the date of Admission, it will not, without the prior written consent of the Joint Global Coordinators, issue, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing.

Pursuant to the Underwriting Agreement and related arrangements, the Principal Shareholders, the Directors and the Senior Managers have agreed that, subject to certain exceptions (including, in respect of the Directors and Senior Managers only, to meet tax liabilities incurred as a result of the Offer or share awards received in connection with Admission), during the period of 365 days in respect of the Directors and the Senior Managers and 180 days in respect of the Principal Shareholders, in each case from the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce an offer of any Shares (or any interest therein in respect thereof) or enter into any transaction with the same economic effect as any of the foregoing. The lock-up restrictions described in this paragraph shall not apply to any of the following:

(a) any disposal for the purpose of pledging or charging any Share to or for the benefit of a lender in connection with any margin loan facility made available to a Principal Shareholder; or

(b) any disposal for the purposes of transferring any Shares pursuant to any enforcement of the security over Shares granted by a Principal Shareholder to or for the benefit of a lender in connection with any margin loan facility made available to a Principal Shareholder, provided that any proposed transferee of those Shares pursuant to an enforcement of security shall have agreed to be bound by the lock-up restrictions applicable to the Principal Shareholders.

The Executive Directors, Senior Managers and the other senior employees who participate in the Management Equity Plan will have the opportunity to sell in the Offer (subject to investor demand) up to 25 per cent. (or such higher percentage of their Shares as may be equal to the highest marginal withholding tax rate applicable in a participant's jurisdiction in connection with the Reorganisation) of the Shares they will hold (through ConvaTec Management Holdings Limited) following the exchange of units held under the Management Equity Plan. In addition to the lock-up arrangement described above, the Executive Directors, Senior Managers and certain other senior employees have each entered into an additional lock-up arrangement with the Company and ConvaTec Management Holdings Limited in relation to any Shares that they do not sell in the Offer. Pursuant to this arrangement, these individuals have agreed that, subject to certain exceptions, they will not sell or otherwise dispose of, directly or indirectly, any of their Shares (or any interest therein) or enter into any transaction with the same economic effect as a sale or disposal in respect of any of their Shares prior to the first anniversary of Admission and in respect of 50 per cent. of their Shares prior to the second anniversary of Admission.

The Principal Shareholders have retained the right to enter into margin loan facilities following Admission. Should either of the Principal Shareholders enter into a margin loan facility, the security granted in favour of the relevant margin loan lenders could represent a significant majority of the Shares held by the relevant Principal Shareholder in the Company at Admission. Ordinarily under such arrangements, the Principal Shareholders will continue to be able to vote Shares over which security has been granted unless and until a default occurs under a margin loan facility. In the event that an event of default occurs under a margin loan facility, the security agent under the margin loan facility agreement may enforce the security granted by the Principal Shareholders over their Shares and sell those Shares. Any transferee of such Shares during the lock-up period applicable to the Principal Shareholders would be required to be bound by the lock-up arrangements described above.

Selling restrictions

The distribution of this Prospectus and the offer of Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow, on the distribution of this Prospectus and the offer of Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except in circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Shares to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State") no Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto), and includes any relevant implementing measure in each Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Principal Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire Shares in the Offer.

United States

The Shares have not been and will not be registered under the US Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S.

In addition, until 40 days after the commencement of the Offer of the Shares an offer or sale of Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

The Underwriting Agreement provides that the Underwriters may directly or through their respective United States broker-dealer affiliates arrange for the offer and resale of Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the US Securities Act.

Each acquirer of Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and such other information as it deems necessary to make an investment decision and that:

(a) it is (a) a QIB within the meaning of Rule 144A, (b) acquiring the Shares for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein, (c) acquiring the Shares for investment purposes, and not with a view to further distribution of such Shares, and (d) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in reliance on Rule 144A or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

(b) it understands that the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the US Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. It further (a) understands that the Shares may not be deposited into any unrestricted depositary receipt facility in respect of the Shares established or maintained by a depositary bank, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares and (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

(c) it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE

EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR RESALES OF THE ORDINARY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS; and

(d) it represents that if, in the future, it offers, resells, pledges or otherwise transfers such Shares while they remain "restricted securities" within the meaning of Rule 144, it shall notify such subsequent transferee of the restrictions set out above.

The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act 2001 of the Commonwealth of Australia ("Corporations Act"); (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the Australian Securities and Investments Commission ("ASIC"), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors ("Exempt Investors") who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are "wholesale clients" for the purpose of section 761G of the Corporations Act.

The Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Shares, each purchaser or subscriber of Shares represents and warrants to the Company, the Selling Shareholders, the Principal Shareholders, the Underwriters and their affiliates that such purchaser or subscriber is an Exempt Investor.

As any offer of Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the offer of those Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Shares each purchaser or subscriber of Shares undertakes to the Company, the Selling Shareholders, the Principal Shareholders, the Underwriters that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Shares, offer, transfer, assign or otherwise alienate those Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Canada

This document constitutes an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Shares. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Shares and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the Company and the Underwriters provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships that may exist between the Company and the Underwriters as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws. Any resale of Shares acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, pursuant to a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Shares outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Shares will be deemed to have represented to the Company, the Underwriters and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing the Shares as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Shares and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Shares or with respect to the eligibility of the Shares for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions*, as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defences under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Japan

The Shares have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the "FIEL") and disclosure under the FIEL has not been, and will not be, made with respect to the Shares. Neither the Shares nor any interest therein may be offered,

sold, resold, or otherwise transferred, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities. As used in this paragraph, a resident of Japan is any person that is resident in Japan, including any corporation or other entity organised under the laws of Japan.

DIFC

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorised financial advisor.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Issuer, the Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Hong Kong

The Shares have not been offered or sold and will not be offered or sold in Hong Kong by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance has been or will be issued in Hong Kong or elsewhere.

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt of the contents of this Prospectus, you should obtain independent professional advice.

South Africa

Due to restrictions under the securities laws of South Africa, the Shares are not offered, transferred, sold, made, renounced or delivered in South Africa or to a person with an address in South Africa and the Offer is not made, offered, transferred, sold, renounced or delivered in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions to the securities

laws relating to offers to the public set out in Section 96 of the Companies Act, No. 71 of 2008 (as amended). The exemptions include:

- offers made only to the following persons, namely (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); and
- offers made to a single addressee acting as principal where the contemplated acquisition cost of the Shares is equal to or greater than R1,000,000.

The Offer does not constitute an offer for the sale of or subscription for, or the solicitation of an offer to buy and subscribe for, shares to the public as defined in the Companies Act, No. 71 of 2008 (as amended) and will not be distributed to any person in South Africa in any manner which could be construed as an offer to the public in terms of the Companies Act, No. 71 of 2008 (as amended) and should any person who does not fall into any of the above exemptions receive this Prospectus they should not and will not be entitled to acquire any Shares or otherwise act thereon. This Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act, No. 71 of 2008 (as amended).

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "SFA") and, accordingly, the Shares may not be offered or sold, nor may the Shares be the subject of an invitation for subscription or purchase, nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under section 274 of the SFA, (ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are acquired by persons who are relevant persons specified in section 276 of the SFA, namely:

(A) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under section 275 of the SFA except:

  (i) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;

  (ii) where no consideration is or will be given for the transfer;

  (iii) where the transfer is by operation of law;

  (iv) as specified in section 276(7) of the SFA; or

  (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Jersey

There shall be no circulation in Jersey of any offer for subscription, sale or exchange of the Shares for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended.

PART 15
Additional Information

1. Incorporation and share capital

1.1 The Company was incorporated and registered in England and Wales on 6 September 2016 as a private company limited by shares under the Act with the name ConvaTec Group Limited and with the registered number 10361298.

1.2 On 10 October 2016, the Company was re-registered as a public limited company with the name ConvaTec Group Plc.

1.3 The Company's registered office and principal place of business is at 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH, United Kingdom, and its telephone number is +44(0)1189528100.

1.4 The principal laws and legislation under which the Company operates and the ordinary shares have been created are the Act and regulations made thereunder.

1.5 The business of the Company and its principal activity is to act as the ultimate holding company of the Group.

1.6 By a resolution of the Board dated 7 October 2016, Deloitte LLP, whose address is Athene Place, 66 Shoe Lane, London EC4A 3BQ, was appointed as the auditor of the Company. Deloitte LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales

1.7 The share capital of the Company on incorporation was £50,000.30 divided into three ordinary shares of ten pence each and 50,000 redeemable preference shares of £1.00 each. Two ordinary shares and all of the redeemable preference shares were allotted to Cidron Healthcare Topco Limited and one ordinary share was allotted to Avista Capital Partners II, LP (the "Subscriber Shareholders"). No further shares have been issued since incorporation.

1.8 On or about 25 October 2016, resolutions will be put to the Subscriber Shareholders, as the Company's only shareholders at that time, to enable the Company to issue Shares to acquire Cidron Healthcare Limited and ConvaTec Healthcare A S.à r.l. (pursuant to the Reorganisation Agreement) as described in paragraph 1.16 of this Part 15 (Additional Information).

1.9 On or about 25 October 2016, the following resolutions will also be put to the Company's Subscriber Shareholders:

1.9.1 in substitution for any prior authority conferred upon the Board, the authority conferred on the Board by Article 12 of the Articles will be conferred for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the annual general meeting of the Company to be held in 2017 (or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it is passed), and for that period the section 551 amount shall comprise, conditional on Admission:

(a) the aggregate nominal value of the New Shares to be issued on Admission by the Company pursuant to the Offer and the subscription for Shares by the Non-Executive Directors; and

(b) in substitution for any unused authority under paragraph 1.9.1(a) on the day of Admission, (i) up to an aggregate nominal amount equal to one third of the aggregate nominal value of the share capital of the Company on the day following Admission, and (ii) in connection with an offer by way of a rights issue only to holders of Shares in proportion (as nearly as practicable) to their existing holdings and to people who are holders of other equity securities if this is required by the rights of those equity securities, or if the Directors of the Company consider it necessary, as permitted by the rights of those equity securities, up to an aggregate nominal amount equal to two thirds of the aggregate nominal value of the share capital of the Company on the day following Admission (including within such limit any shares or rights issued under (i) above);

1.9.2 in substitution for any prior authority conferred upon the Board, the power conferred on the Board by Article 13 of the Articles will be conferred for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the annual general meeting of the Company to be held in 2017 (or, if earlier, at the close of business on the date

falling 15 months after the resolution conferring it is passed), and for that period the section 561 amount shall comprise, conditional on Admission:

(a) the equivalent amount to that determined pursuant to paragraph 1.9.1(a) above; and

(b) in substitution for any unused power conferred under paragraph 1.9.2(a) on the day following Admission, up to an aggregate nominal amount equal to ten per cent. of the aggregate nominal value of the share capital of the Company on the day following Admission;

1.9.3 the Company will be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Shares each subject to the following conditions:

(a) the maximum aggregate number of Shares will represent ten per cent. of the Company's issued ordinary share capital on the day following Admission;

(b) the minimum price (excluding expenses) which may be paid for each Share is ten pence (being the nominal value of a Share);

(c) the maximum price (excluding expenses) which may be paid for each Share is the higher of: (i) 105 per cent. of the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of a Share and the highest current independent bid for a Share as derived from the London Stock Exchange Trading System; and

(d) the authority shall expire on the date falling 18 months after the resolution conferring it is passed or, if earlier, at the end of the annual general meeting of the Company to be held in 2017 so that the Company may, before the expiry of the authority enter into a contract to purchase Shares which will or may be executed wholly or partly after the expiry of such authority;

1.9.4 the Company will be authorised in accordance with the Articles, until the Company's next annual general meeting, to call general meetings on 14 clear days' notice; and

1.9.5 the Company and all companies that are its subsidiaries at any time up to the end of the annual general meeting of the Company to be held in 2017, will be authorised, in aggregate, to:

(a) make political donations to political parties and/or independent election candidates not exceeding £100,000 in total;

(b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and

(c) incur political expenditure not exceeding £100,000 in total.

For the purposes of this authority the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Act.

The Company notes that it is not its policy to make political donations and that it has no intention of using the authority for that purpose.

1.10 In the Relationship Agreement, the Company has agreed not to effect any market purchases of Shares which would cause a Principal Shareholder to have to make a mandatory offer for the Company under Rule 9 of The City Code on Takeovers and Mergers (the "City Code"), unless the Company has obtained the necessary consents and waivers to prevent a mandatory offer obligation from arising.

1.11 The New Shares being issued pursuant to the Offer will be issued at a price of 225 pence per New Share, representing a premium of 215 pence over their nominal value of ten pence each, which price is payable in full on application. Immediately following Admission, the issued share capital of the Company is expected to be £195,147,265 comprising 1,951,472,651 Shares of ten pence each (all of which will be fully paid or credited as fully paid).

1.12 The Company has not traded since incorporation and lacks distributable reserves. This could restrict the Company's ability to pay future dividends. Therefore, the Company proposes to undertake a court-approved capital reduction in accordance with the Act and the Company (Reduction of Share Capital) Order 2008 following Admission in order to provide it with the distributable reserves required to support its dividend policy. The proposed capital reduction will cancel all share premium attaching to the Shares. The capital reduction has been approved (conditional on Admission) by a special resolution of the current shareholders of the Company and will require the approval of the Court.

1.13 Save as disclosed above and in paragraphs 5 and 7 below:

1.13.1 no share or loan capital of the Company has, within three years of the date of this Prospectus, been issued or agreed to be issued, or is now proposed to be issued (other than pursuant to the Offer), fully or partly paid, either for cash or for a consideration other than cash, to any person;

1.13.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of any such company; and

1.13.3 no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

1.14 The Company will be subject to the continuing obligations of the FCA with regard to the issue of shares for cash. The provisions of section 561(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Act) apply to the issue of shares in the capital of the Company except to the extent such provisions are disapplied as referred to in paragraph 1.9.2 above.

1.15 The Shares are in registered form and, subject to the provisions of the Regulations, the Directors may permit the holding of Shares of any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). Where Shares are held in certificated form, share certificates will be sent to the registered members by first class post. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited.

1.16 **Pre-Admission steps under the Reorganisation**

1.16.1 The Reorganisation Agreement was entered into by the parties described in this paragraph 1.16.1, pursuant to which:

1.16.1.1 preferred equity certificates and accrued interest thereon held by Cidron Healthcare Limited and Cidron Healthcare MIV 1, LP in ConvaTec Healthcare A S.à r.l. will be capitalised in exchange for an issue of ordinary shares in ConvaTec Healthcare A S.à r.l., the transfer of ConvaTec Healthcare A S.à r.l.'s foreign currency hedge receivable position to Cidron Healthcare Limited and which will also take into account an outstanding loan from ConvaTec Inc. to Cidron Healthcare Limited;

1.16.1.2 ordinary shares in ConvaTec Healthcare A S.à r.l. held by certain current and former employees of the Group through two Delaware limited partnerships, Cidron Healthcare MIV 1, LP and Cidron Healthcare MIV 3, LP, will be redeemed for cash by ConvaTec Healthcare A S.à r.l., to be funded by an intercompany loan to ConvaTec Healthcare A S.à r.l. by ConvaTec Holdings UK Limited;

1.16.1.3 ordinary shares in ConvaTec Healthcare A S.à r.l. held by the Management Shareholders and Cidron Healthcare Limited through Cidron Healthcare MIV 2, LP, a Delaware limited partnership, will be distributed to those Management Shareholders and Cidron Healthcare Limited;

1.16.1.4 between determination of the Offer Price and Admission, the Company will become the holding company of the Group when the shares in Cidron Healthcare Limited held by the Principal Shareholders the Management Shareholders, together with the shares in ConvaTec Healthcare A S.à r.l. held by Cidron Healthcare Limited and the Management Shareholders, will be exchanged for a number of Shares that represent the value (on a pro rata basis) of the shares in Cidron Healthcare Limited and ConvaTec

Healthcare A S.à r.l. (as the case may be) held by each of them immediately prior to the Reorganisation;

1.16.1.5 the Management Shareholders who are to receive Shares as described in paragraph 1.16.1.4 above will direct that the legal title to those Shares is to be held on their behalf by a nominee company, ConvaTec Management Holdings Limited;

1.16.1.6 immediately following the share exchange described in paragraph 1.16.1.4 above, the Company will transfer its direct holding of ordinary shares in ConvaTec Healthcare A S.à r.l. to its wholly owned direct subsidiary Cidron Healthcare Limited, such that ConvaTec Healthcare A S.à r.l. will then become a wholly owned direct subsidiary of Cidron Healthcare Limited; and

1.16.1.7 on 25 October 2016, the Company adopted the Articles containing the rights and restrictions attaching to the Shares, subject to and with effect from Admission.

1.17 **Post Admission steps under the Reorganisation**

It is envisaged that the following steps will be carried out following Admission and the refinancing of the Group's indebtedness (as more fully described in 10.4 and 10.5);

1.17.1 the remaining preferred equity certificates held by (i) ConvaTec Healthcare A S.à r.l. in the capital of ConvaTec Healthcare B S.à r.l.; (ii) ConvaTec Healthcare B S.à r.l. in the capital of ConvaTec Healthcare C S.à r.l.; and (iii) ConvaTec Healthcare C S.à r.l. in the capital of ConvaTec Healthcare D S.à r.l. will all be capitalised;

1.17.2 the surplus holding companies, ConvaTec Healthcare A S.à r.l., ConvaTec Healthcare B S.à r.l., ConvaTec Healthcare C S.à r.l., ConvaTec Healthcare E S.à r.l. and ConvaTec Finance International SA, will be liquidated or merged out of existence in accordance with applicable law to reduce the administrative burden on the Group of maintaining such companies. As a result of these steps, ConvaTec Healthcare D S.à r.l. will become a direct wholly owned subsidiary of Cidron Healthcare Limited, and Cidron Healthcare Limited will be the intermediate holding company for the rest of the Group; and

1.17.3 certain intra-Group balances are expected to be consolidated and, to the extent possible, set off between members of the Group.

2. Articles of Association, compulsory acquisition rules and mandatory takeover rules

The Company's objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Act, the Company's objects are unrestricted.

The Articles were adopted on 25 October 2016, conditional upon Admission, and include provisions to the following effect:

2.1 ***Share rights***

Subject to the provisions of the Act, and without prejudice to any rights attached to any existing shares or class of shares: (i) any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine; and (ii) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

2.2 ***Voting rights***

Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Act and is in

default for the prescribed period in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

2.3 ***Dividends and other distributions***

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights and restrictions attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of the date on which a call is payable shall be treated for these purposes as paid on the share.

Subject to the provisions of the Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the share capital is divided into different classes, the Board may also pay, at intervals determined by it, any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares on which the dividend is paid.

The Board may, if authorised by an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of all or any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

2.4 ***Variation of rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class, or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

2.5 ***Lien and forfeiture***

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Company (whether presently or not) in respect of that share. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear

days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Company by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

2.6 ***Transfer of shares***

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

2.6.1 is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

2.6.2 is in respect of one class of share only; and

2.6.3 is in favour of not more than four transferees.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

2.7 ***Alteration of share capital***

The Articles do not restrict the Company's ability to increase, consolidate or sub-divide its share capital. Therefore, subject to the Act, the Company may by ordinary resolution increase, consolidate or sub-divide its share capital.

2.8 ***Purchase of own shares***

The Articles do not restrict the Company's ability to purchase its own shares. Therefore, subject to the Act and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class in any way and at any price (whether at par or above or below par).

2.9 ***General meetings***

The Board shall convene and the Company shall hold general meetings as annual general meetings in accordance with the requirements of the Act. The Board may call general meetings whenever and at such times and places as it shall determine. The Articles permit the Board to take advantage of section 360A of the Act to hold general meetings by electronic means.

2.10 ***Directors***

2.10.1 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum in number. Directors may be appointed by ordinary resolution of Shareholders or by the Board.

2.10.2 *No share qualification*

A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

2.10.3 *Annual retirement of Directors*

At every annual general meeting all the Directors at the date of notice convening the annual general meeting shall retire from office. A retiring Director shall be eligible for appointment.

2.10.4 *Remuneration of Directors*

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate £1,500,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee for that service (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board.

In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

2.10.5 *Permitted interests of Directors*

Subject to the provisions of the Act, and provided that he has disclosed to the Board the nature and extent of his interest (unless the circumstances referred to in section 177(5) or section 177(6) of the Act apply, in which case no such disclosure is required), a Director notwithstanding his office:

2.10.5.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

2.10.5.2 may act by himself or for his firm in a professional capacity for the Company (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

2.10.5.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is (directly or indirectly) interested as a shareholder or otherwise or with which he has such relationship at the request or direction of the Company; and

2.10.5.4 shall not, by reason of his office, be accountable to the Company for any remuneration or other benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate the acceptance, entry into or existence of which has been approved by the Board pursuant to Article 146 of the Articles or which he is permitted to hold or enter into by virtue of paragraph 2.10.5.1, 2.10.5.2 or 2.10.5.3.

2.10.6 *Restrictions on voting*

A Director shall not vote on any resolution of the Board concerning a matter in which he has an interest which can reasonably be regarded as likely to give rise to a conflict with the interests of the Company, unless his interest arises only because the resolution concerns one or more of the following matters:

2.10.6.1 the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings;

2.10.6.2 the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

2.10.6.3 a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

2.10.6.4 a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Act) representing one per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this Article to be likely to give rise to a conflict with the interests of the Company in all circumstances):

2.10.6.5 a contract, arrangement, transaction or proposal for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and

2.10.6.6 a contract, arrangement, transaction or proposal concerning any insurance which the Company is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.

2.10.7 *Indemnity of officers*

Subject to the provisions of the Act, but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the assets of the Company against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article, or any element of it, to be treated as void under the Act.

2.11 ***Squeeze-out***

Under the Act, if an offeror were to make an offer to acquire all of the Shares not already owned by it and were to acquire 90 per cent. of the Shares to which such offer related, it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Shares and then, six weeks later, it would deliver a transfer of the outstanding Shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose Shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

2.12 ***Sell-out***

The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Shares, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror would be required to give any member notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member

exercises his or her rights, the offeror is entitled and bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

2.13 ***Relevant Provisions of the City Code***

The City Code administered by the Panel on Takeovers and Mergers (the "Panel") will apply to the Company. Rule 9 of the City Code provides that if any person or group of persons acting in concert with each other (a "concert party") acquire an interest in Shares which (i) when taken together with Shares in which that person or concert party are already interested would increase their aggregate interests to an amount carrying 30 per cent. or more of the voting rights in the Company; or (ii) where the persons or concert party are interested in Shares which in aggregate carry more than 30 per cent. of the voting rights in the Company but do not hold Shares carrying more than 50 per cent. of such voting rights, would increase their percentage of Shares carrying voting rights in which they are interested, the person and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Shares at a price not less than the highest price paid for interests in Shares by the acquirer or its concert parties during the previous 12 months.

3. Directors' and Senior Managers' interests

3.1 The interests in the share capital of the Company of the Directors and Senior Managers (all of whom, unless otherwise stated, are beneficial or are interests of a person connected with a Director or a Senior Manager) immediately prior to Admission will be, and immediately following Admission are expected to be:

	Immediately prior to Admission		Number of Shares to be sold in the Offer		Immediately following Admission	
Director/Senior Manager	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**
Directors						
Sir Christopher Gent[(1)]	—	—	—	—	111,111	0.0
Paul Moraviec[(2)]	6,449,931	0.5	1,612,483	0.1	4,837,448	0.2
Nigel Clerkin[(2)]	5,302,634	0.4	1,325,658	0.1	3,976,976	0.2
Steve Holliday[(3)]	—	—	—	—	88,889	0.0
Rick Anderson[(4)]	—	—	—	—	72,651	0.0
Jesper Ovesen[(5)]	—	—	—	—	88,889	0.0
Raj Shah[(6)]	—	—	—	—	—	—
Thomas Vetander[(6)]	—	—	—	—	—	—
Kunal Pandit[(7)]	—	—	—	—	—	—
Senior Managers						
Antonio La Regina[(2)]	1,205,144	0.1	301,286	0.0	903,858	0.0
John Lindskog[(2)]	1,629,355	0.1	407,339	0.0	1,222,016	0.1
Timothy Moran[(2)]	1,205,144	0.1	301,286	0.0	903,858	0.0
George Poole[(2)]	1,205,144	0.1	301,286	0.0	903,858	0.0
Symeria Hudson[(2)]	1,205,144	0.1	301,286	0.0	903,858	0.0
Marc Reuss[(2)]	1,205,144	0.1	301,286	0.0	903,858	0.0
Michael Sgrignari[(2)]	1,687,202	0.1	421,800	0.0	1,265,402	0.1
Adam Deutsch[(2)]	1,629,355	0.1	407,339	0.0	1,222,016	0.1
Robert Steele[(2)]	964,115	0.1	241,029	0.0	723,086	0.0
Douglas LeFort[(2)]	631,495	0.0	—	—	631,495	0.0

Notes:

(1) Sir Christopher Gent is subscribing for 111,111 Shares at the Offer Price.

(2) Shares are held by ConvaTec Management Holdings Limited as nominee for the relevant individual.

(3) Steve Holliday is subscribing for 88,889 Shares at the Offer Price.

(4) Rick Anderson is subscribing for 72,651 Shares at the Offer Price.

(5) Jesper Ovesen is subscribing for 88,889 Shares at the Offer Price.

(6) Raj Shah and Thomas Vetander each has an indirect interest in Shares as result of their interest in companies with interests in the Company ultimately owned by Nordic Capital.

(7) Kunal Pandit has an indirect interest in Shares as result of his interest in certain limited liability companies and limited partnerships managed by Avista Capital Managing Member, LLC with interests in the Company.

3.2 In so far as is known to the Directors, the following are the interests (within the meaning of Part VI of the Act) which represent, or will represent, directly or indirectly, three per cent. or more of the issued share capital of the Company assuming no exercise of the Overallotment Option:

	Immediately prior to Admission		Number of Shares to be sold in the Offer		Immediately following Admission[1]	
Shareholders	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**	**Number of Shares**	**Percentage of issued share capital**
Nordic Capital[2]	881,048,645	67.8%	—	—	881,048,645	45.1%
Avista investment companies and partnerships[3]	380,295,156	29.3%	—	—	380,295,156	19.5%
ConvaTec Management Holdings Limited[4]	38,656,199	3.0%	8,623,885	0.7%	30,032,314	1.5%
Capital Research Global Investors	—	—	—	—	70,000,000	3.6%
Artisan Partners L.P.	—	—	—	—	61,000,000	3.1%

Notes:

(1) Assuming no exercise of the Overallotment Option. If the Overallotment Option is exercised in full, the Principal Shareholders will sell 98,960,249 Shares, representing 15 per cent. of the total number of Shares comprised in the Offer.

(2) The companies ultimately owned by Nordic Capital with interests in the Company are Cidron Healthcare Topco Limited, Cidron Healthcare Co-Invest Limited and Cidron Healthcare Co-Invest II Limited.

(3) The limited liability companies and limited partnerships managed by Avista Capital Managing Member, LLC with interests in the Company are Avista Capital Partners, LP, Avista Capital Partners (Offshore), LP, Avista Capital Partners II, LP, Avista Capital Partners (Offshore) II, LP, ACP ConvaTec Co-Invest, LLC and Avista Capital Partners II-A (Offshore), LP.

(4) ConvaTec Management Holdings Limited holds Shares on behalf of the Management Shareholders, being the Executive Directors, the Senior Managers, certain other employees and former employees of the Group. The business address of such Selling Shareholder is 7th Floor, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH, United Kingdom. The Management Shareholders will have the opportunity to sell up to 25 per cent. of their individual shareholding in the Offer, save for three former employees who will be able to sell their entire individual shareholding in the Offer and a limited number of employees who will be able to sell more than 25 per cent. of their individual shareholding in order to meet personal tax liabilities arising from the Reorganisation.

Save as disclosed above, in so far as is known to the Directors, there is no other person who is or will be immediately following Admission, directly or indirectly, interested in three per cent. or more of the issued share capital of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's major shareholders have or will have different voting rights attached to the shares they hold in the Company.

In so far as is known to the Directors, the following entities intend to subscribe for Shares representing more than five per cent. of the Offer:

Shareholders	**Number of Shares**	**Percentage of issued share capital following Admission**
Capital Research Global Investors	70,000,000	3.6%
Artisan Partners L.P.	61,000,000	3.1%
Pelham Capital Ltd	55,000,000	2.8%
Marathon Asset Management LLP	40,000,000	2.0%

3.3 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

3.4 Save for a loan to Paul Moraviec of £355,970 made by ConvaTec Limited in July 2015 and a loan to Robert Steele of $104,216 made by ConvaTec Inc. in September 2015, in each case in relation to their equity awards under the applicable incentive plans, there are no outstanding loans or guarantees

granted or provided by any member of the Group to or for the benefit of any of the Directors or Senior Managers. Mr Moraviec and Mr Steele intend to repay a portion of these loans from the proceeds of their sale of Shares in the Offer.

4. Directors' terms of employment

The Directors and their functions are set out in Part 8 (Directors, Senior Managers and Corporate Governance).

4.1 ***Executive Directors***

Paul Moraviec and Nigel Clerkin are currently engaged by ConvaTec Limited and ConvaTec Healthcare Ireland Limited, respectively, (each an Employer) pursuant to service agreements dated 28 May 2015 and 22 July 2014, respectively.

On 12 October 2016 Paul Moraviec entered into a new service agreement with the Company and on 29 September 2016 Nigel Clerkin entered into a new service agreement with ConvaTec Healthcare Ireland Limited, in each case conditional on, and effective from, Admission. Nigel Clerkin also has a separate appointment letter with the Company dated 30 September 2016 in relation to his appointment as a Director of the Company as of that date and for so long as he is employed under his service agreement. He receives no compensation or benefits under this appointment letter in addition to those that will be provided under his service agreement.

On and from the date of Admission, Paul Moraviec will receive a salary of £670,000 per annum and Nigel Clerkin will receive a salary of €465,000 per annum. The salaries will be reviewed annually, with the first review expected to take place in January 2018. There is no obligation to increase the relevant Executive Director's salary following a salary review.

Paul Moraviec currently receives (and will continue to receive) medical insurance, life and permanent health insurance, a car allowance of £25,680 per annum and is entitled to receive an amount equal to 15 per cent. of his base salary as a contribution to a group personal pension scheme (provided that Mr Moraviec also contributes a minimum of five per cent. of his base salary to a group personal pension scheme), or, at his election, a cash allowance in lieu of such contribution.

Nigel Clerkin currently receives (and will continue to receive) medical insurance (or may instead elect to receive a monthly allowance in lieu of medical insurance of €300), life insurance and has the option of receiving a car allowance of €2,000 per month or the use of a company car of equivalent value. Nigel Clerkin will also be entitled to receive a cash allowance in lieu of pension contributions equal to 15 per cent. of his base salary.

On and from the date of Admission, each of the Executive Director's service agreements will be terminable on not less than 12 months' notice by the Employer or on not less than six months' notice by the relevant Executive Director. The Employer will be entitled to terminate an Executive Director's employment by payment in lieu of notice, equal to (i) the basic salary that would have been payable, and (ii) the cost that would have been incurred in providing the Executive Director with contractual benefits for any unexpired portion of the notice period. The Company can alternatively choose to continue providing the benefits under item (ii) instead of paying a cash sum representing their cost. The Employer may in its discretion determine that the payment in lieu will be paid in monthly instalments over the notice period. In the event that the relevant Executive Director secures alternative employment or alternative engagements with a basic annual salary or fee in excess of £100,000 then instalments payable after the sixth month following termination (or, if later, the date on which such employment or engagement commences) shall be reduced by an amount equal to 50 per cent. of the amount of earnings over £100,000.

Each Executive Director will be eligible for an annual bonus payment. In respect of the Company's 2017 financial year, Paul Moraviec will be entitled under his service agreement to a maximum bonus opportunity of 200 per cent. of annual salary and Nigel Clerkin will be entitled to a maximum bonus opportunity of 150 per cent. of annual salary. Any bonus is subject to the achievement of a combination of profit, revenue and personal/strategic objectives which shall be established by the remuneration committee on an annual basis. If an Executive Director's employment is terminated by the Employer (other than for cause) before the end of a financial year the Executive Director shall receive a pro-rated bonus in respect of the proportion of the financial year for which he has worked. Any such bonus shall be payable on the normal payment date, subject to the achievement of performance conditions, unless the remuneration committee

exercises its discretion to pay such bonus at another time between termination and the normal payment date.

The remuneration committee intends to grant Transition Awards to the Executive Directors on or as soon as practicable after Admission. Details of the terms of the Transition Awards are set out under "Transition Awards" in paragraph 5 of this Part 15 (Additional Information).

From Admission, the Executive Directors will also be eligible to participate in the LTIP and the DBP. The remuneration committee currently intends to grant share awards to Paul Moraviec and Nigel Clerkin under the LTIP on an annual basis over Shares with a market value at the date of grant not exceeding 250 per cent. of each Executive Director's annual base salary. Details of the terms of the LTIP and the DBP are set out in paragraph 5 of this Part 15 (Additional Information).

The Executive Directors currently hold units granted under the legacy Management Equity Plan. Paul Moraviec holds 33,800 units which were granted on 16 March 2009 at a price of $14.10 per unit and 100,000 units which were granted on 15 July 2015 at a price of $11.80 per unit. Nigel Clerkin holds 75,000 units which were granted on 22 July 2014 at a price of $38.68 per unit and 35,000 units which were granted on 15 July 2015 at a price of $11.80 per unit. Details of the terms of the legacy Management Equity Plan are set out in paragraph 5 of this Part 15 (Additional Information).

ConvaTec Limited has agreed to indemnify Nigel Clerkin in respect of any taxation payable by him in the United Kingdom in connection with the units granted to him under the Management Equity Plan that is in addition to the tax already paid by him in the Republic of Ireland (plus the cost of any interest, penalties or fines).

Pursuant to sections 439 and 439A of the Companies Act 2006, the Executive Directors' remuneration will be subject to shareholder approval. In the event that any provision of an Executive Director's service agreement is not consistent with the Company's Remuneration Policy, it shall be void and the service agreements provide that the Executive Directors will have no entitlement to compensation or damages in respect of loss suffered as a consequence.

Paul Moraviec is entitled to 25 working days' paid holiday per annum in addition to English public holidays. Nigel Clerkin is entitled to 25 working days' paid holiday per annum in addition to Irish public holidays.

Each of Paul Moraviec and Nigel Clerkin will be subject to a confidentiality undertaking without limitation in time and to non-solicitation and non-compete restrictive covenants for a period of 12 months and six months, respectively, after the termination of their respective employments.

Each Executive Director will have the benefit of a qualifying third party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

4.2 ***Non-Executive Directors***

Kunal Pandit, Raj Shah and Thomas Vetander (together, the "Principal Shareholder-Appointed Non-Executive Directors") entered into letters of appointment with the Company on 29 September 2016 and were appointed to the Board on 30 September 2016. The respective appointments are each expected to continue for so long as Avista (in the case of Kunal Pandit) or Nordic Capital (in the case of Raj Shah and Thomas Vetander) is entitled to and exercises its entitlement to nominate the relevant Non-Executive Director as a director of the Company. In any event, each appointment is subject to annual re-election by the Company in general meeting.

The other Non-Executive Directors entered into letters of appointment with the Company effective from Admission on 31 October 2016.

The appointments of each of the Chairman and the Non-Executive Directors (excluding the Principal Shareholder-Appointed Non-Executive Directors) will commence on Admission for a fixed term ending on the Company's third annual general meeting but each appointment may be renewed or extended prior to that date. In any event, each appointment is subject to annual re-election by the Company in general meeting.

From Admission, Sir Christopher Gent will be entitled to receive an annual fee of £400,000 for his role as Non-Executive Chairman.

From Admission, Steve Holliday will be entitled to receive a fee of £110,000 per annum for his services as a non-executive director and Deputy Chairman, £20,000 as Chair of the remuneration committee of the Board and £20,000 as the Company's Senior Independent Director.

From Admission, Jesper Ovesen will be entitled to receive a fee of £60,000 per annum for his services as a non-executive director and £22,000 as Chair of the audit committee of the Board.

From Admission, Rick Anderson will be entitled to receive a fee of £60,000 per annum for his services as a non-executive director.

Kunal Pandit, Raj Shah and Thomas Vetander will not be entitled to receive any fees from the Group in relation to their appointment as Non-Executive Directors.

All Non-Executive Directors (excluding the Chairman and the Principal Shareholder-Appointed Non-Executive Directors) will be entitled to receive a fee of £12,000 per annum for each additional committee of the Board that such Non-Executive Director sits on.

On termination of their appointments, the Chairman and Non-Executive Directors (excluding the Principal Shareholder-Appointed Non-Executive Directors) are entitled to receive accrued fees but are not otherwise entitled to receive any compensation for loss of office. The Chairman and Non-Executive Directors are not entitled to participate in the Company's bonus arrangements, incentive or share schemes. Their appointments may be terminated at any time by either party giving the other one month's written notice or in accordance with the Articles or the Act.

For further details of the Chairman's and Non-Executive Directors' interests in Shares, see paragraph 3 of this Part 15 (Additional Information).

The Chairman and Non-Executive Directors (excluding the Principal Shareholder-Appointed Non-Executive Directors) are entitled to reimbursement of reasonable expenses.

Pursuant to sections 439 and 439A of the Companies Act 2006, the Chairman's and Non-Executive Directors' remuneration will be subject to shareholder approval.

The Chairman and Non-Executive Directors are subject to confidentiality undertakings without limitation in time.

The Chairman and Non-Executive Directors will have the benefit of a qualifying third party indemnity from the Company (the terms of which are in accordance with the Act) and appropriate directors' and officers' liability insurance.

Each of Sir Christopher Gent, Steve Holliday, Jesper Ovesen and Rick Anderson entered into engagement letters with ConvaTec B effective as of 1 September 2016 in relation to services provided to the Group in the period prior to Admission, which provided for each of Sir Christopher Gent, Steve Holliday, Jesper Ovesen and Rick Anderson to receive an annual fee of £400,000, £110,000, £60,000 and £60,000, respectively, on a pro-rata basis for the period from the date of their respective engagement letters until the date of Admission.

Save as set out in paragraph 4.1 above and this paragraph 4.2, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Group.

4.3 ***Directors' and Senior Managers' Remuneration***

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 December 2015, the aggregate remuneration and benefits to the Directors and Senior Managers named in this Prospectus who served the Group during 2015, consisting of 12 individuals, was approximately $5.9 million (amounts paid to these individuals in currencies other than US dollars have been converted to US dollars for the purposes of this Prospectus at the average exchange rate for the year ended 31 December 2015).

Under the terms of their service contracts, letters of appointment and applicable incentive plans, in the year ended 31 December 2015, the Executive Directors were remunerated as set out below:

Name	Position	Annual Salary ($)	Bonus and other Benefits ($)	Date of Joining the Group
Directors				
Paul Moraviec	Chief Executive Officer	808,702	412,798	16 March 2009
Nigel Clerkin	Chief Financial Officer	454,164	118,091	22 July 2014

Note: Amounts paid to these individuals in currencies other than US dollars have been converted to US dollars for the purposes of this Prospectus at the average exchange rate for the year ended 31 December 2015.

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this Prospectus.

4.4 ***Remuneration Policy***

In compliance with section 439A of the Companies Act 2006, the Company's new Directors' Remuneration Policy will be submitted for Shareholder approval at the Company's Annual General Meeting to be held in 2017. However, in anticipation of Admission, the Company has sought independent, specialist advice in relation to the remuneration principles that it should apply to Directors to ensure these are appropriate for the listed company environment. The Company has therefore established the remuneration principles set out below. The Company's remuneration policy will be designed to provide a remuneration framework that will:

(a) attract, motivate and retain executives and senior management to deliver the Company's strategic goals and create long-term shareholder value;

(b) incentivise strong financial performance and reward the delivery of the Company's business plan and key strategic goals;

(c) reflect market practice of FTSE100 companies and other international med-tech comparators with which the Company competes for talent;

(d) adhere to principles of good corporate governance and appropriate risk management; and

(e) align employees with the interests of Shareholders and encourage widespread equity ownership across the employee population.

Consistent with the Company's pay philosophy, the remuneration committee has agreed the following post-Admission remuneration policy for its Executive Directors:

Base salary. On and from the date of Admission, Paul Moraviec and Nigel Clerkin will receive base salaries of £670,000 and €465,000 per annum, respectively. Base salaries are reviewed annually in the context of Company and individual performance, and pay and conditions of the broader employee population more generally. In line with common market practice, no maximum base salary is set under the remuneration policy. The first regular salary review for both Executive Directors is scheduled to take place in the first quarter of 2018.

Pension and benefits. Executive Directors may receive a contribution to a personal pension plan, and/or a cash allowance in lieu, up to a maximum of 15 per cent. of base salary per annum. Executive Directors also receive benefits in kind, including a car allowance or company car, entitlement to receive family cover in a private medical insurance scheme (or allowance in lieu), and life insurance. Paul Moraviec will also receive permanent health insurance. The Company's policy also provides for a gross up in respect of any reimbursement of all reasonable travelling, hotel, entertainment and other expenses incurred in the proper performance of the relevant Executive Director's duties, to the extent such are subject to taxation, and other benefits to take account of individual circumstances such as, but not limited to, payment of tax adviser fees, expatriate allowance, relocation expenses and housing allowance. The Executive Directors are entitled to the benefit of certain loan and indemnity arrangements in connection with the Group's Management Equity Plan arrangements as further described at paragraphs 3.4 and 4.1 of this Part 15 (Additional Information).

Annual bonus. Executive Directors are eligible for a non-pensionable annual bonus with a maximum bonus opportunity of up to 200 per cent. of annual base salary. For the 2017 financial year, the maximum bonus opportunity will be 200 per cent. of base salary for the Chief Executive Officer and 150 per cent. of base salary for the Chief Financial Officer. Any bonus award will be subject to the achievement of performance conditions (both corporate and personal) set by the remuneration committee at the start of each financial year. For the 2017 financial year, the annual bonus will be based on a combination of profit, revenue and personal/strategic objectives. The remuneration committee has discretion to adjust bonus outcomes (both upwards and downwards, including to zero) to ensure the alignment of pay outcomes with performance, for example if corporate performance is impacted by unforeseen circumstances outside management's control. One-third of any annual bonus earned by Executive Directors for the 2017 financial year onwards will normally be deferred into Company shares for a three-year period under the terms of the DBP.

LTIP. Details of the LTIP and the other new incentive plans adopted by the Company are summarised in paragraph 5 of this Part 15 (Additional Information).

Executive share ownership guidelines. The Company has adopted share ownership guidelines under which Executive Directors are expected to acquire shares in the Company and retain them until retirement from the board of directors. The shareholding requirement is 200 per cent. of base salary for all Executive Directors.

Remuneration policy on recruitment. The remuneration committee will take into account all relevant factors when determining the remuneration package for a new Executive Director, including the experience and skills of the individual, internal comparisons and relevant market data. Incentive opportunities will be capped at the limits set out above. The remuneration committee also retains discretion to make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the remuneration committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the time over which they would have vested. The fair value of replacement awards will not exceed that of the forfeited awards being replaced.

4.5 ***Directors' and Senior Managers' current and past directorships and partnerships***

Set out below are the directorships and partnerships held by the Directors and Senior Managers (other than, where applicable, directorships held in the Company and its subsidiaries and the subsidiaries of the companies listed below), in the five years prior to the date of this Prospectus:

Name	Current directorships/partnerships	Past directorships/partnerships
Directors		
Sir Christopher Gent .	The Holdingham International Advisory Board	GlaxoSmithKline plc
Paul Moraviec	Sequana Medical AG	—
Nigel Clerkin	—	Alkermes plc CFR Investments Crimagua Limited EDT Investment Company Limited Elan Management Limited The Institute of Biopharmaceutics Limited Janssen Alzheimer Immunotherapy Keavy Finance Designated Activity Company Neotope Biosciences Limited Onclave Therapeutics Limited Orchardbrook Limited Perrigo Corporation Designated Activity Company Prothena Corporation Public Limited Company SASR Neunundvierzigste

Name	Current directorships/partnerships	Past directorships/partnerships
		Beteiligungsverwaltung GmbH Speranza Biopharma Limited
Steve Holliday	Business in the Community The Careers and Enterprise Company Limited Crisis UK	Lattice Group PLC Marks and Spencer Group P.L.C. National Grid Holdings Limited National Grid Holdings One PLC National Grid International Limited National Grid PLC
Rick Anderson	Apollo Endosurgery Cardiva Medical PTV Healthcare Capital	Cameron Health Corventis IDev Technologies Insite Vision Intersect ENT Tryton Medical
Jesper Ovesen	LundBech A/S Scandinavian Enskilda Bank Sunrise Communications Group AG	Danisco Group FLSmidth Group Nokia Siemens Network Group Orkla Group
Raj Shah	Cidron Healthcare-IT 2 Limited Cidron Healthcare-IT 3 Limited eResearch Technology, Inc. Explorer Holdings, Inc. Goldcup Holdings, Inc. Goldcup Parent, Inc. NC Advisory LLP Royal Brompton and Harefield Charity	Goldman Sachs UK Healthcare Trust Limited
Thomas Vetander	Acino International AG Anicura TC AB Anicura MC AB Diskus Holding AB KTB Holding AB NC Advisory AB Pharma Strategy Partners GmbH Tunsan Holding AB	Aditro Holding AB Aditro Logistics AB Goldcup Holdings, Inc. Goldcup Merger Sub, Inc. Goldcup Parent, Inc. Handicare Group AB Handicare Group AS
Kunal Pandit	Acino International AG Avista Capital Europe LLP GCL Holdings SCA Pharma Strategy Partners GmbH Trimb Holding AB	—
Senior Managers		
Antonio La Regina . .	—	Assobiomedica
John Lindskog	Lindskog Holding ApS	—
Timothy Moran	—	—
George Poole	—	—
Symeria Hudson	—	Kohl's Children Museum
Marc Reuss	—	—
Michael Sgrignari	—	Covidien plc Covidien Shanghai Manufacturing Ltd.
Adam Deutsch	—	—
Robert Steele	—	—
Douglas LeFort	—	Freehand Surgical plc Freehand 2010 Ltd

Within the period of five years preceding the date of this Prospectus, none of the Directors:

(a) has had any convictions in relation to fraudulent offences;

(b) has been a member of the administrative, management or supervisory bodies or director or senior manager (who is relevant in establishing that a company has the appropriate expertise and experience for management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or

(c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of affairs of a company.

5. Employee share plans and incentive schemes

Existing employee share plans

Following Nordic Capital and Avista's acquisition of the Group from Bristol-Myers Squibb in August 2008, three employee share-based compensation programmes were established—MIV 1, MIV 2 (also referred to as the Management Equity Plan) and MIV 3 (collectively, the "MIVs"). The MIVs are Delaware limited partnerships, the limited partners of which are certain current or former Group employees and officers and Cidron Healthcare Limited, and the general partner of which is Cidron Healthcare GP, Inc. Each of the MIVs was capitalised with common equity and preferred equity certificates of ConvaTec Healthcare A S.à r.l. ("ConvaTec A") in 2008, which in aggregate represents approximately 10 per cent. of the common equity of ConvaTec A.

MIV 1 was formed to replace Bristol-Myers Squibb restricted stock of certain Group employees who had forfeited their Bristol-Myers Squibb restricted stock in connection with Nordic Capital and Avista's acquisition of the Group. MIV 2 was formed to provide restricted stock in ConvaTec A to certain members of senior management of the Group. MIV 3 was formed to provide annual compensatory equity grants to certain Group employees.

Upon completion of the Reorganisation, the MIV 1 and MIV 3 employee participants will receive a cash payment for each of their units at the Offer Price. Cidron Healthcare Limited's beneficial ownership in ConvaTec A shares owned by the MIVs will convert into additional Shares issued to Nordic Capital and Avista upon completion of the Reorganisation.

Upon completion of the Reorganisation, the units under the Management Equity Plan will be converted into Shares, which shall be held on behalf of each Management Equity Plan unitholder by ConvaTec Management Holdings Limited and shall be subject to the lock-up and forfeiture arrangements described below.

The MIVs will be dissolved upon completion of the Reorganisation.

Management lock-up with the Company

The Executive Directors, Senior Managers and the other senior employees who participate in the Management Equity Plan will have the opportunity to sell in the Offer (subject to investor demand) up to 25 per cent. (or such higher percentage of their Shares as may be equal to the highest marginal withholding tax rate applicable in a participant's jurisdiction in connection with the Reorganisation) of the Shares they will hold (through ConvaTec Management Holdings Limited) following the exchange of units held under the Management Equity Plan. In addition to the lock-up arrangement described at section 7.2, the Executive Directors, Senior Managers and certain other senior employees have each entered into an additional lock-up arrangement with the Company and ConvaTec Management Holdings Limited in relation to any Shares that they do not sell in the Offer. Pursuant to this arrangement, these individuals have agreed that, subject to certain exceptions, they will not sell or otherwise dispose of, directly or indirectly, any of their Shares (or any interest therein) or enter into any transaction with the same economic effect as a sale or disposal in respect of any of their Shares prior to the first anniversary of Admission and in respect of 50 per cent. of their Shares prior to the second anniversary of Admission.

Forfeiture arrangements

The Executive Directors, Senior Managers and certain other senior employees have each entered into a forfeiture arrangement with the ConvaTec Group Plc Employee Benefit Trust ("EBT") in relation to certain of the Shares they will hold (through ConvaTec Management Holdings Limited) following the exchange of units held under the Management Equity Plan on Admission (the "Forfeit Mechanism"). The Forfeit Mechanism may be triggered in the event that a Termination Event occurs. For these purposes, a Termination Event occurs when an individual gives notice to terminate his or her contract of employment other than for good reason or an individual is dismissed for cause within a specified period following the date of Admission (the "Forfeit Period").

Where the Termination Event occurs by reason of an individual being dismissed for cause, the Forfeit Period will last for 24 months (or 12 months in the case of Nigel Clerkin). Where the Termination Event occurs by reason of an individual giving notice to terminate his or her contract of employment other than for good reason, the Forfeit Period shall last for nine months for Nigel Clerkin, for 21 months in respect of individuals who are required to give at least six months' notice prior to termination of their employment (including Paul Moraviec) and for 24 months in respect of all other individuals.

The proportion of Shares that can be forfeited is dependent on when a Termination Event occurs. After the Forfeit Period no Shares will be subject to the Forfeit Mechanism.

It is expected that the Forfeit Mechanism will apply to a maximum of: (i) 2,892,346 Shares in respect of Paul Moraviec; (ii) 1,908,948 Shares in respect of Nigel Clerkin; (iii) an aggregate of 5,413,314 Shares in respect of the other Senior Managers; and (iv) an aggregate of 3,363,220 Shares in respect of the other senior employees. These numbers are indicative only and the precise number of Shares will be dependent on the Offer Price.

If the EBT invokes the Forfeit Mechanism, the individual will receive from the EBT, as consideration for the transfer of the relevant Shares, the lower of: (i) the initial amount he or she paid for the securities from which the Shares are derived or the amount paid by the individual in income tax and social security contributions on acquisition of the securities from which the Shares are derived (as applicable); and (ii) the market value of the Shares on the date they are forfeited.

Transition Awards

The Company intends to grant the Executive Directors, the Senior Managers and certain other senior employees one-off awards under the LTIP on or as soon as practicable after Admission (the "Transition Awards"). The Transition Awards will be granted as a combination of conditional awards over Shares and options (with the exercise price being determined by the remuneration committee at the date of grant by reference to the Offer Price or the Share price at the date of grant) over Shares which will, in each case, vest as to one third subject only to continued employment on the first, second and third anniversary of Admission. The Transition Awards shall not be subject to performance conditions.

Paul Moraviec's Transition Award is intended to comprise a conditional award over Shares with a total value of 150 per cent. of his annual base salary, together with the grant of an option over Shares with a total value of 225 per cent. of his annual base salary (in each case, calculated by reference to the Offer Price). Nigel Clerkin's Transition Award is intended to comprise an award over Shares with a total value of 120 per cent. of his annual base salary, together with the grant of an option over Shares with a total value of 175 per cent. of his annual base salary. The Transition Awards proposed to be granted to the Senior Managers and other senior employees are intended to comprise an award over Shares with a total value of no more than 100 per cent. of the relevant employee's annual base salary, together with the grant of an option over Shares with a total value of no more than 150 per cent. of the relevant employee's annual base salary.

New Share Plans

The Company adopted the ConvaTec Group Plc 2016 Long-Term Incentive Plan ("LTIP") on 25 October 2016. The LTIP provides for grants of awards over the Shares in the form of performance share awards, restricted share awards, share options, forfeitable shares, and also cash settled phantom awards (together, "LTIP Awards"). Executive Directors and other employees of the Group are eligible for grants under the LTIP.

The Company adopted the ConvaTec Group Plc 2016 Deferred Bonus Plan ("DBP") on 25 October 2016. The DBP provides for grants of awards or nil-cost options over Shares and also cash settled phantom awards (together, "DBP Awards") with a market value at the date of grant equal to such proportion of the participant's annual cash bonus as he or she is required to defer by the remuneration committee from time to time. Executive Directors and other employees of the Group are eligible for grants under the DBP.

The Company adopted the ConvaTec Group Plc 2016 Matching Share Plan ("MSP") on 25 October 2016. The MSP provides for grants of awards over Shares in the form of restricted share awards, share options, forfeitable shares, and also cash settled phantom awards (together, "MSP Awards") with a market value at the date of grant equal to such proportion of the participant's annual cash bonus as may be determined by the remuneration committee from time to time. Employees of the Group other than Executive Directors are eligible for grants under the MSP.

A summary of the material terms which are specific to each of the LTIP, DBP and MSP (the "New Share Plans") is set out below, followed by a summary of the material terms applicable to each of the New Share Plans.

Features specific to the LTIP

Administration. The LTIP is administered by the remuneration committee. The remuneration committee may determine the form, amount and other terms and conditions of LTIP Awards and the persons to whom LTIP Awards will be granted.

Individual Limits. The remuneration committee will determine the appropriate level of LTIP Award for participants. However, the maximum number of Shares under LTIP Awards (excluding the Transition Awards) granted to a participant in respect of any financial year will not have a market value exceeding 250 per cent. of a participant's base salary. For the purposes of determining whether this limit has been reached, any Shares under LTIP Awards granted in the form of market value options shall be deemed to have a market value equal to 50 per cent. of the value of a Share.

Form of LTIP Awards. In addition to the types of Awards specified in "Features applicable to each of the New Share Plans" below, LTIP Awards may be granted in the form of:

(a) *Performance Share Awards*. The remuneration committee may grant rights to any eligible employee in the form of a right to receive Shares without payment which are subject to performance based vesting conditions; and

(b) *Forfeitable Shares*. The remuneration committee may grant forfeitable shares to eligible employees, subject to the employee entering into an irrevocable agreement to the effect that, prior to vesting: (i) the employee will not transfer, assign or otherwise dispose of any Shares subject to the LTIP Award; and (ii) the employee will transfer the Shares in respect of which the LTIP Award lapses on such terms as the remuneration committee may determine at the date of grant.

Performance and Other Conditions. Where LTIP Awards are granted subject to performance conditions, those performance conditions will be determined by the remuneration committee at the time of grant. Save in respect of the Transition Awards, LTIP Awards granted in the ordinary course to Executive Directors will be granted subject to performance conditions. For LTIP Awards granted in 2017, vesting is likely to be conditional upon performance targets being met in relation to a combination of absolute total shareholder return, EBIT and revenue over the three year period to end at the end of the Company's 2019 financial year, subject to the remuneration committee's overarching discretion to align performance outcomes with shareholder experience. Subsequent LTIP Awards may be subject to the same performance conditions as the LTIP Awards granted in 2017 or to such other objective performance conditions as the remuneration committee may determine at the date of grant. Any performance condition may be amended or substituted if one or more events occur which cause the remuneration committee to consider that an amended or substituted performance condition would be more appropriate. Any such amended or substituted performance condition will not be materially more or less difficult to satisfy.

Holding Period. Shares received on the vesting of LTIP Awards granted to Executive Directors (after any sale of Shares to cover the income tax and social security liability of the relevant participant on vesting of the LTIP Award) will be subject to a post-vesting holding period of a minimum of two years. Shares received on the vesting of LTIP Awards granted to other participants (after any sale of Shares to cover the income tax and social security liability of the relevant participant on vesting of the LTIP Award) may be

subject to such a post-vesting holding period as the remuneration committee may determine at the date of grant.

Vesting of LTIP Awards. LTIP Awards will vest in the ordinary course on the latest of: (i) the vesting date or dates specified by the remuneration committee at the time of grant (which will ordinarily be no less than three years from the date of grant); (ii) in respect of an LTIP Award subject to performance conditions, the date or dates on which the remuneration committee determines the extent to which the specified performance conditions have been satisfied; and (iii) any other date determined by the remuneration committee at the date of grant. Any part of an LTIP Award which does not vest in accordance with its terms and, if relevant the performance conditions, will immediately lapse.

Malus and Claw-back. In respect of LTIP Awards granted to Executive Directors, the remuneration committee may reduce the number of Shares under an LTIP Award or require the participant to repay (for up to two years following the vesting date) an amount received on vesting of an LTIP Award in circumstances in which: (i) the value of the LTIP Award was determined on the basis of materially misstated data; or (ii) the participant is guilty of gross misconduct or fraud.

Cessation of Employment. If an employee ceases to be employed by the Group, the treatment of their outstanding LTIP Awards will depend on the reason for the cessation of their employment. If they resign or are dismissed for cause, all their LTIP Awards (whether vested or unvested) will lapse immediately on cessation unless, in exceptional circumstances, the remuneration committee determines otherwise in its absolute discretion. If they are a good leaver, they will be entitled to realise their vested LTIP Awards. Their unvested LTIP Awards will be preserved and, subject to any additional conditions imposed by the remuneration committee at the date of cessation, may be realised at the original vesting date. Preserved LTIP Awards will continue to be subject to any applicable performance conditions and the number of Shares over which the LTIP Award vests will generally be subject to a time pro rata reduction to reflect the portion of the vesting period during which the participant remained employed. The remuneration committee may also allow the LTIP Awards to be realised immediately on cessation of employment if it thinks the circumstances justify that and in exceptional circumstances may disapply any time pro rata reductions that would otherwise apply to the LTIP Award. An employee will be treated as a good leaver if they cease employment by reason of death, disability, ill-health or any other reason the remuneration committee may determine (the "Good Leaver Reasons"). All other leavers will be entitled to realise their vested LTIP Awards following cessation of employment but their unvested LTIP Awards will lapse.

Change of Control. In the event of a change of control (whether by way of a takeover offer or a scheme of arrangement or compromise) or a voluntary winding-up of the Company, LTIP Awards will vest to the extent that the applicable performance conditions if any have been met up to the date of the relevant event and subject to a time pro rata reduction to reflect the period elapsed between the date of grant and the date of the occurrence of the relevant event. In appropriate circumstances the remuneration committee may determine that the time pro rata reduction and performance conditions shall not apply. In the event of a change of control, the acquiring company and participant may agree to replace an LTIP Award with an equivalent LTIP Award over shares in the acquiring company. In the event of an internal reorganisation which results in a new holding company for the Company with substantially the same shareholders as the Company, LTIP Awards may be replaced by equivalent LTIP Awards over shares in that new holding company.

Features specific to the DBP

Administration. The DBP is administered by the remuneration committee. The remuneration committee may determine the form, amount and other terms and conditions of DBP Awards and determine the persons to whom DBP Awards will be granted.

Individual Limits. The remuneration committee will determine the appropriate level of DBP Award for participants, subject to the Executive Directors being required to defer at least one-third of their pre-tax annual bonus into a DBP Award over a number of Shares with a market value at the date of grant equal to the amount of such deferred annual bonus.

Performance and Other Conditions. The DBP Awards will not be subject to performance conditions but will normally vest subject to continued employment only.

Vesting of DBP Awards. DBP Awards will vest in the ordinary course on the latest of: (i) the vesting date or dates specified by the remuneration committee at the time of grant (which will ordinarily be no less than

three years from the date of grant); and (ii) any other date determined by the remuneration committee at the date of grant. Any part of a DBP Award which does not vest in accordance with its terms and will immediately lapse.

Malus. In respect of DBP Awards granted to Executive Directors, the remuneration committee may reduce the number of Shares under a DBP Award in circumstances in which: (i) the value of the DBP Award was determined on the basis of materially misstated data; or (ii) the participant is guilty of gross misconduct or fraud.

Cessation of Employment. If an employee ceases to be employed by the Group, the treatment of their outstanding DBP Awards will depend on the reason for the cessation of their employment. If they resign or are dismissed for cause, all their DBP Awards (whether vested or unvested) will lapse immediately on cessation unless, in exceptional circumstances, the remuneration committee determines otherwise in its absolute discretion. In all other circumstances, they will be entitled to realise their vested DBP Awards. Their unvested DBP Awards will be preserved and, subject to any additional conditions imposed by the remuneration committee at the date of cessation, may be realised at the original vesting date. The number of Shares over which the preserved DBP Award vests will generally be subject to a time pro rata reduction to reflect the portion of the vesting period during which the participant remained employed. The remuneration committee may also allow the DBP Awards to be realised immediately on cessation if it thinks the circumstances justify that and in exceptional circumstances may disapply any time pro rata reductions that would otherwise apply to the DBP Award.

Change of Control. In the event of a change of control (whether by way of a takeover offer or a scheme of arrangement or compromise) or a voluntary winding-up of the Company, DBP Awards will vest in full. In the event of a change of control, the acquiring company and participant may agree to replace a DBP Award with an equivalent DBP Award over shares in the acquiring company. In the event of an internal reorganisation which results in a new holding company for the Company with substantially the same shareholders as the Company, DBP Awards may be replaced by equivalent DBP Awards over shares in that new holding company.

Features specific to the MSP

Administration. The remuneration committee shall have oversight of the operation of the MSP. The MSP shall be administered by such person or persons to whom the remuneration committee may delegate such administration (and references to 'the remuneration committee' in this "Features specific to the MSP" shall include such person or persons where relevant). The remuneration committee may determine the form, amount and other terms and conditions of MSP Awards and determine the persons to whom MSP Awards will be granted.

Individual Limits. The remuneration committee will determine the appropriate level of MSP Award for participants which shall be granted over a number of Shares with a market value at the date of grant equal to a percentage of each participants' pre-tax annual bonus amount (which percentage may vary as between participants and years of grant).

Form of MSP Awards. In addition to the types of Awards specified in "Features applicable to each of the New Share Plans" below, MSP Awards may be granted in the form of:

(a) *Share Options*. The remuneration committee may grant rights to any eligible employee in the form of options to acquire Shares, for a nil or nominal exercise price, or for such other exercise price as the remuneration committee may determine at the date of grant which may be equal to, less than or more than the market value of a Share at the date of grant.

(b) *Forfeitable shares*. The remuneration committee may grant forfeitable shares to eligible employees, subject to the employee entering into an irrevocable agreement to the effect that, prior to vesting: (i) the employee will not transfer, assign or otherwise dispose of any Shares subject to the MSP Award; and (ii) the employee will transfer the Shares in respect of which the MSP Award lapses on such terms as the remuneration committee may determine at the date of grant.

Performance and Other Conditions. The MSP Awards will not be subject to performance conditions but will normally vest subject to continued employment only.

Vesting of MSP Awards. MSP Awards will vest in the ordinary course on the latest of: (i) the vesting date or dates specified by the remuneration committee at the time of grant (which will ordinarily be no less than

three years from the date of grant); and (ii) any other date determined by the remuneration committee at the date of grant. Any part of an MSP Award which does not vest in accordance with its terms and, if relevant the performance conditions, will immediately lapse.

Malus and Claw-back. MSP Awards will not be subject to malus or clawback.

Cessation of employment. If an employee ceases to be employed by the Group, the treatment of their outstanding MSP Awards will depend on the reason for the cessation of their employment. If they resign or are dismissed for cause, all their MSP Awards (whether vested or unvested) will lapse immediately on cessation unless, in exceptional circumstances, the remuneration committee determines otherwise in its absolute discretion. If they cease employment by reason of a Good Leaver Reason, they will be entitled to realise their vested MSP Awards. Their unvested MSP Awards will be preserved and, subject to any additional conditions imposed by the remuneration committee at the date of cessation, may be realised at the original vesting date. The number of Shares over which the preserved MSP Award vests will generally be subject to a time pro rata reduction to reflect the portion of the vesting period during which the participant remained employed. The remuneration committee may also allow the MSP Awards to be realised immediately on cessation if it thinks the circumstances justify that and in exceptional circumstances may disapply any time pro rata reductions that would otherwise apply to the MSP Award. All other leavers will be entitled to realise their vested MSP Awards following cessation of employment but their unvested MSP Awards will lapse.

Change of Control. In the event of a change of control (whether by way of a takeover offer or a scheme of arrangement or compromise) or a voluntary winding-up of the Company, MSP Awards will vest subject to a time pro rata reduction. In appropriate circumstances the remuneration committee may determine that the time pro rata reduction shall not apply. In the event of a change of control, the acquiring company and participant may agree to replace an MSP Award with an equivalent MSP Award over shares in the acquiring company. In the event of an internal reorganisation which results in a new holding company for the Company with substantially the same shareholders as the Company, MSP Awards may be replaced by equivalent MSP Awards over shares in that new holding company.

Features applicable to each of the New Share Plans

Participation of the Company's Executive Directors in the New Share Plans shall be subject to the terms of the Company's Directors' remuneration policy as approved by the Company's shareholders from time to time. Executive Directors will not be eligible to participate in the MSP Awards.

Grant of Awards. LTIP Awards, DBP Awards and MSP Awards (together, the "Awards") may be granted by deed or individual agreement with a participant and evidenced by certificates that provide additional terms, conditions, restrictions and/or limitations covering the grant of the Award, including, without limitation, (in respect of LTIP Awards only) additional terms providing for performance conditions, as determined by the remuneration committee. Awards may generally be granted in the period of 42 days following: (a) Admission; or (b) the announcement of the Company's results for any period, but the remuneration committee may grant Awards at other times if it considers it appropriate in the circumstances.

Restricted Share Awards. The remuneration committee may grant rights to any eligible employee in the form of a right to receive Shares without payment, which are subject only to time based vesting conditions.

Share Options. The remuneration committee may grant rights to any eligible employee in the form of options to acquire Shares, for a nil or nominal exercise price, or for such other exercise price as the remuneration committee may determine at the date of grant which may be equal to, less than or more than the market value of a Share at the date of grant. Awards that are granted to Executive Directors in the form of options to acquire Shares, shall be granted at a nil or nominal exercise price, or at an exercise price that is equal to or more than the market value of a Share at the date of grant.

Phantom Awards. The remuneration committee may grant rights to any eligible employee in the form of a right to call for a cash payment calculated by reference to the value of a number of 'notional shares' each of which has a value equal to the value of a Share but which has none of the legal rights attributable to a Share.

Dividend Equivalents. The remuneration committee may grant an Award on the basis that it carries a right to receive the value of ordinary dividends that would have been attributable to the number of Shares

under the Award, had those Shares been vested on the dividend record dates occurring during the vesting period ("Dividend Equivalent"). The Dividend Equivalent will be calculated at the discretion of the remuneration committee, and does not represent an entitlement to actual dividends on the underlying Shares, as the participant is not the beneficial owner of the Shares on the relevant dividend record dates. Any entitlement to a Dividend Equivalent may be satisfied following vesting of the Award by issuing or transferring Shares with an equivalent value or making a cash payment to an equivalent value.

Variation of Share Capital. In the event of a variation of the Company's share capital (whether by way of capitalisation or rights issue or sub-division or consolidation of the Shares or a share capital reduction), the number of Shares subject to an Award and any applicable exercise price may be adjusted by the remuneration committee.

Transferability. Awards granted under the New Share Plans are generally non-transferable, other than to a participant's personal representatives or by will or the laws of descent and distribution on the death of a participant or with the consent of the remuneration committee. Any attempt at a non-permitted transfer will result in lapse of the Award. Awards will not form part of a participant's pensionable earnings. Awards will lapse if a participant is declared bankrupt.

Shareholder Rights. Except as otherwise provided in the applicable Award grant documentation, all Shares allotted or transferred to a participant on the vesting of an Award or the exercise of an Award which has been granted in the form of an option, will rank equally with other Shares then in issue (except in respect of rights arising prior to the date of vesting or exercise, as the case may be).

Aggregate Limits. In any ten year period, the number of Shares which may be issued in respect of Awards and under any other employees' share plan adopted by the Company may not exceed five per cent. of the issued ordinary share capital of the Company from time to time. Shares held in treasury will be treated as newly issued Shares for the purpose of this dilution limit for as long as guidelines published by institutional investors so recommend. Shares purchased in the market to satisfy Awards will not count towards this limit. Any Shares that may be issued by the Company to holders of awards under any share based incentive plans operated by the Group and granted prior to the date of Admission will not be taken into account in calculating these limits.

Amendment and Termination. The remuneration committee may discontinue the grant of Awards or amend any of the New Share Plans at any time, provided that the provisions relating to:

(a) the persons to whom Awards are or may be granted;

(b) the limitations on the number of Shares over which Awards may be granted;

(c) the maximum entitlement for any one participant (if any) under the New Share Plan; and

(d) the basis for determining a participant's entitlement to, and the terms of, Shares under the New Share Plan and for the adjustment thereof (if any) if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital,

cannot be altered to the advantage of participants without the prior approval of the Company's shareholders in general meeting unless they are minor amendments to benefit the administration of the New Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the New Share Plan or for the Company or other members of the Group.

Unless otherwise required by law or specifically provided in the New Share Plan, no amendment may be made which would adversely affect the rights of the participants under the New Share Plan unless consent is sought from the affected participants.

Term. No Award may be granted on or after 25 October 2026. Awards granted before that date shall remain valid in accordance with their terms and the terms of the relevant New Share Plan.

Appendices. Appendices to the rules of the New Share Plans may be adopted by the remuneration committee to operate the relevant New Share Plan in any jurisdiction in which employees of the Group are based. Such appendices may vary the rules of the New Share Plan or establish jurisdiction-specific sub-plans to take account of any applicable tax, exchange control, securities laws or other applicable law or regulation. The Shares issued pursuant to any Awards granted under any such appendices will count towards the overall limits on the number of Shares that may be issued in respect of Awards.

Employee Benefit Trust

The EBT is expected to be established by the Company on 26 October 2016 as a discretionary employee benefit trust. The trustee of the EBT is Elian Employee Benefit Trustee Limited. The class of beneficiaries of the EBT includes employees and former employees of the Group and its subsidiaries. On Admission, the EBT will not hold any Shares. The EBT is the counterparty to the forfeiture arrangements summarised in this paragraph 5 of this Part 15 (Additional Information). It is proposed that, following Admission, Shares acquired by the EBT using funds loaned to it by the Company may also be used to satisfy share options and awards which are exercised or vest under the New Share Plans.

6. Pensions

The Group operates various defined contribution pension schemes for some or all of its employees employed in Brazil, Ireland, Belgium, France, Netherlands, India, Germany, Australia, New Zealand, Canada, the United Kingdom, Denmark, Finland, Norway, Sweden, Japan, Switzerland, Luxembourg, Korea, Malaysia, Singapore, Taiwan, Thailand and the United States. Certain employees in Switzerland, Germany France, Austria and the United Kingdom participate in defined benefit pension schemes (although the scheme in the United Kingdom is closed to future accrual). Employees in Belarus, Chile, Colombia, Ecuador, Peru, Belgium, France, Netherlands, China, Dominican Republic, Italy, Portugal, Spain, Switzerland, Czech Republic, Poland, Russia, Turkey, Mexico and Slovakia are included within a state scheme. There are no other pension schemes operated by the Group.

The Group does not operate a defined benefit pension scheme for the benefit of its Executive Directors or its Senior Managers.

7. Underwriting arrangements

7.1 ***Underwriting Agreement***

On 26 October 2016, the Company, the Directors, the Selling Shareholders, the Principal Shareholders and the Underwriters entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement:

7.1.1 the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Shares to be issued in connection with the Offer;

7.1.2 the Selling Shareholders (with ConvaTec Management Holdings Limited acting on behalf of certain individual Management Shareholders) have agreed, subject to certain conditions, to sell the Existing Shares in the Offer at the Offer Price;

7.1.3 the Underwriters have severally agreed, subject to certain conditions, to procure subscribers or, failing which, themselves to subscribe the New Shares (in such proportions as will be set out in the Underwriting Agreement) and to procure purchasers for or, failing which, themselves to purchase the Existing Shares pursuant to the Offer;

7.1.4 the Underwriters will deduct from the proceeds of the Offer to the Company a commission of 1.25 per cent. of the product of the Offer Price and the number of New Shares allotted pursuant to the Offer, from the proceeds of the Offer to the Selling Shareholders a commission of 1.25 per cent. of the product of the Offer Price and the number of Existing Shares sold in the Offer and from the proceeds of the sale of any Overallotment Shares a commission of 1.25 per cent. of the product of the Offer Price and the number of Shares sold pursuant to any exercise of the Overallotment Option;

7.1.5 in addition, the Company may, at its sole and absolute discretion, pay an additional commission of up to 1 per cent. of the product of the Offer Price and the number of New Shares, the Selling Shareholders may pay an additional commission of up to 1 per cent. of the product of the Offer Price and the number of Existing Shares sold in the Offer and the Principal Shareholders may pay an additional commission of up to 1 per cent. of the product of the Offer Price and the number of Overallotment Shares sold (if any);

7.1.6 the obligations of the Underwriters to procure subscribers and/or purchasers for or, failing which, themselves to subscribe for or purchase New Shares or Existing Shares, as applicable, on the terms of the Underwriting Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Underwriting Agreement and Admission occurring not later than 8.00 a.m. (London time) on 31 October 2016 (or such later

time and/or date as the Joint Global Coordinators and the Company may agree in writing). In addition, the Joint Global Coordinators have the right to terminate the Underwriting Agreement, exercisable in certain circumstances, prior to Admission;

7.1.7 Goldman Sachs International, as Stabilising Manager, has been granted the Overallotment Option by the Principal Shareholders pursuant to which it may purchase or procure purchasers for up to 98,960,249 Overallotment Shares at the Offer Price for the purposes of covering short positions arising from over-allocations, if any, in connection with the Offer and/or from sales of Shares, if any, effected during the stabilising period. Except as required by law or regulation, neither the Stabilising Manager, nor any of its agents, intends to disclose the extent of any overallotments and/or stabilising transactions conducted in relation to the Offer. The number of Overallotment Shares to be transferred pursuant to the Overallotment Option, if any, will be determined not later than 25 November 2016. Settlement of any purchase of Overallotment Shares will take place shortly after such determination (or if acquired on Admission, at Admission). If any Overallotment Shares are acquired pursuant to the Overallotment Option, Goldman Sachs International will be committed to pay to the Principal Shareholders, or procure that payment is made to them of, an amount equal to the Offer Price multiplied by the number of Overallotment Shares purchased from the Principal Shareholders, less commissions and expenses;

7.1.8 the Selling Shareholders and the Principal Shareholders have agreed to pay any stamp duty and/or stamp duty reserve tax arising on the sale of Existing Shares and any Overallotment Shares, respectively;

7.1.9 the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax);

7.1.10 each of the Company, the Directors, the Selling Shareholders and the Principal Shareholders have given certain representations, warranties and undertakings, subject to certain limits in the case of the Directors, the Selling Shareholders and the Principal Shareholders, to the Underwriters;

7.1.11 the Company has given an indemnity to the Underwriters on customary terms;

7.1.12 the parties to the Underwriting Agreement have given certain covenants to each other regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions; and

7.1.13 the Underwriting Agreement contains lock-up provisions described in more detail in "Lock-up arrangements" in Part 14 (Details of the Offer).

7.2 ***Senior Manager Lock-up Deeds***

Each of the Senior Managers (other than the Directors, who have agreed to lock-up arrangements set out in the Underwriting Agreement) has undertaken that from the date of this Prospectus until the date falling 365 days after the date of Admission, they will not, without the prior written consent of the Joint Global Coordinators, except for certain customary exceptions set out in the lock-up deed, directly or indirectly, offer, issue, lend, mortgage, assign, charge, pledge, sell or contract to sell, issue options in respect of, or otherwise dispose of, directly or indirectly, or announce an offering or issue of, any Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing other than pursuant to the Offer.

In addition, the Executive Directors, Senior Managers and certain other senior employees have each entered into an additional lock-up arrangement with the Company and ConvaTec Management Holdings Limited in relation to any Shares that they do not sell in the Offer. For further details, see "Management Lock-up with the Company" in paragraph 5 of this Part 15 (Additional Information).

7.3 ***Stock lending agreement***

In connection with settlement and stabilisation, Goldman Sachs International, as Stabilising Manager, has entered into a stock lending agreement with the Principal Shareholders. Pursuant to this agreement, the Stabilising Manager will be able to borrow up to a maximum of 15 per cent. of the total number of Shares comprised in the Offer (excluding the Shares subject to the Overallotment Option) on Admission for the purposes, amongst other things, of allowing the Stabilising Manager to settle, on Admission, overallotments, if any, made in connection with the Offer. If the Stabilising Manager borrows any Shares

pursuant to the stock lending agreement, it will be required to return equivalent securities to the Principal Shareholders by no later than the third business day after the date that is the 30th day after the commencement of conditional dealings of the Shares on the London Stock Exchange.

7.4 ***Orderly marketing agreement***

The Principal Shareholders have entered into an orderly marketing agreement between themselves, pursuant to which they have agreed to co-ordinate any sale of Shares or entry into any margin loan facility after Admission.

8. Subsidiaries, investments and principal establishments

Following the Reorganisation, the Company will be the principal operating and holding company of the Group. The principal subsidiaries and subsidiary undertakings of the Company will be as follows:

8.1 ***Subsidiaries and subsidiary undertakings***

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity (medical device manufacturing and/or sales, unless otherwise stated)
180 Medical Acquisition, Inc	United States	100%	Holding company
180 Medical Holdings, Inc	United States	100%	Holding company
180 Medical, Inc	United States	100%	
AbViser Medical, LLC	United States	100%	
Alpha-Med (Medical and Surgical) Ltd	United Kingdom	100%	
Amcare Ltd	United Kingdom	100%	
BCA Direct Ltd	United Kingdom	100%	
BMD—Comercio de Produtos Medicos LTDA	Brazil	100%	
Boston Medical Care de Chile SPA	Chile	100%	Wound care clinics
Boston Medical Care de Mexico S. DE R.L de CVB	Mexico	100%	Wound care clinics
Boston Medical Care SAS IPS	Colombia	100%	Wound care clinics
Boston Medical Device de Chile S.A.	Chile	100%	
Boston Medical Device Dominica S.R.L.	Dominican Republic	100%	
Boston Medical Device Ecuador S.A.	Ecuador	100%	
Boston Medical Device, Inc	United States	100%	
Boston Medical Devices International, LLC	United States	100%	
Boston Medical Devices Colombia LTDA	Colombia	100%	
Boston Medical Devices de Mexico S de RL de CVR	Mexico	100%	
Boston Medical Devices de Venezuela C.A.	Venezuela	100%	
Cidron Healthcare Limited[(1)]	Jersey	100%	Holding company
ConvaTec (Australia) PYT Ltd	Australia	100%	
ConvaTec (Austria) GmbH	Austria	100%	
ConvaTec (Denmark) ApS	Denmark	100%	
ConvaTec (Germany) GmbH	Germany	100%	
ConvaTec (New Zealand) Ltd	New Zealand	100%	
ConvaTec (Spain) S.L.	Spain	100%	Holding company
ConvaTec (Sweden) AB	Sweden	100%	
ConvaTec (Switzerland) GmbH	Switzerland	100%	
ConvaTec Belgium BVBA	Belgium	100%	
ConvaTec Canada Ltd	Canada	100%	
ConvaTec Ceska Republica s.r.o	Czech Republic	100%	
ConvaTec China Ltd	China	100%	
ConvaTec Dominican Republic, Inc	United States	100%	
ConvaTec Finance International S.A.	Luxembourg	100%	Holding company
ConvaTec France Holdings s.a.s	France	100%	Holding company
ConvaTec Healthcare A S.à r.l.[(1)]	Luxembourg	100%	Holding company
ConvaTec Healthcare B S.à r.l.[(1)]	Luxembourg	100%	Holding company

Name	Country of incorporation and registered office	Class and percentage of ownership interest and voting power	Field of activity (medical device manufacturing and/or sales, unless otherwise stated)
ConvaTec Healthcare C S.à r.l.[1]	Luxembourg	100%	Holding company
ConvaTec Healthcare D S.à r.l.	Luxembourg	100%	Holding company
ConvaTec Healthcare E S.à r.l.	Luxembourg	100%	Holding company
ConvaTec Healthcare Ireland Limited	Ireland	100%	
ConvaTec Hellas Medical Products S.A (Greece)	Greece	100%	
ConvaTec Holdings UK Limited	United Kingdom	100%	Holding company
ConvaTec India Private Limited	India	100%	
ConvaTec International Services GmbH	Germany	100%	
ConvaTec International UK Limited	United Kingdom	100%	Holding company
ConvaTec Italia S.r.l	Italy	100%	
ConvaTec Japan Karlskrona	Japan	100%	
ConvaTec Korea Ltd	Korea	100%	
ConvaTec Limited	United Kingdom	100%	
ConvaTec Malaysia Snd Bhn	Malaysia	100%	
ConvaTec Middle East and Africa LLC	Egypt	100%	Non-trading
ConvaTec Nederland B.V.	Netherlands	100%	
ConvaTec Norway AS	Norway	100%	
ConvaTec Oy Finland	Finland	100%	
ConvaTec Peru S.A.C	Peru	100%	
ConvaTec Polska Sp. Z. o.o	Poland	100%	
ConvaTec Sağlik Ürünleri Limited Şirketi	Turkey	100%	
ConvaTec Singapore PTE Ltd	Singapore	100%	
ConvaTec Spain Holdings S.L	Spain	100%	Holding company
ConvaTec Speciality Fibres Limited	United Kingdom	100%	Holder of intellectual property rights
ConvaTec Technologies, Inc	United States	100%	Holder of intellectual property rights
ConvaTec Thailand	Thailand	100%	
FE Unomedical Ltd	Belarus	99%	
KVTECH Portugal—Produtos Medicos, Unipessoal Lda	Portugal	100%	
Papyro-Tex AS	Denmark	100%	
PRNMS Investments, LLC	United States	100%	
Resus Positive Ltd	United Kingdom	100%	
South Shore Medical Supply, Inc	United States	100%	
SureCalm Healthcare Holdings Ltd	United Kingdom	100%	Holding company
SureCalm Healthcare Ltd	United Kingdom	100%	
Symbius Medical, Inc	United States	100%	Holding company
Unomedical Americas, Inc	United States	100%	Holding company
Unomedical AS (Denmark)	Denmark	100%	
Unomedical Holding AS	Denmark	100%	Holding company
Unomedical Holdings Limited (UK)	United Kingdom	100%	Holding company
Unomedical, Inc	United States	100%	
Unomedical Limited (UK)	United Kingdom	100%	
Unomedical s.r.o. (Slovakia)	Slovakia	100%	
Unomedical sdn Bhd (Malaysia)	Malaysia	75%	
ZAO ConvaTec	Russia	100%	

Notes:

(1) Intermediate holding companies expected to be liquidated in the months following Admission.

8.2 *Principal establishments*

The following are the principal establishments of the Group:

Name and location	Type of facility	Leased/Owned
180 Medical (United States)	Warehouse	Leased
180 Medical (United States)	Office	Owned
Bridgewater (United States)	Office	Leased
Deeside (Wales, United Kingdom)	Manufacturing Facility	Leased/Owned

Name and location	Type of facility	Leased/Owned
Deeside (Wales, United Kingdom)	Office/Laboratory	Owned
Greensboro (United States)[1]	Office	Leased
Greensboro (United States)[2][4]	Manufacturing Facility	Owned
Haina (Dominican Republic)	Manufacturing Facility	Leased
Herlev (Denmark)	Manufacturing Facility	Owned
Michalovce (Slovakia)	Manufacturing Facility	Leased
Minato-ku (Japan)	Office	Leased
Minsk (Belarus)	Manufacturing Facility	Owned
Montreal (Canada)	Office	Leased
Munich (Germany)	Office	Leased
Osted (Denmark)	Manufacturing Facility	Owned
Pallion (England, United Kingdom)	Warehouse	Leased
Reading (England, United Kingdom)	Office	Leased
Reynosa HC (Mexico)[2]	Manufacturing Facility	Leased/Owned
Reynosa ID (Mexico)	Manufacturing Facility	Owned
Reynosa ID (Mexico)	Warehouse	Owned
Rhymney (Wales, United Kingdom)[3]	Manufacturing Facility	Leased
Schauffhausen (Switzerland)	Office	Leased
Skillman (United States)[4]	Office	Owned
Sunderland (England, United Kingdom)	Warehouse	Leased
Sungai Petani (Malaysia)[2][4]	Manufacturing Facility	Leased

Notes:

(1) The Group leases two separate office facilities in Greensboro.

(2) As part of the MIP, the Group recently completed a comprehensive evaluation and analysis of its global manufacturing facilities, utilisation and strategy. This resulted in the cessation of current manufacturing operations at the Group's Hospital Care plant in Reynosa, Mexico in May 2016. The Infusion Devices franchise, which has a separate facility in Reynosa, Mexico, plans to expand and repurpose the current Hospital Care plant to support its manufacturing operations and its customers. The Group also ceased its Hospital Care operations in Sangai Petani, Malaysia at the end of August 2016 and plans to cease its manufacturing operations in Greensboro, United States by early 2017. In Malaysia, the Group plans to outsource production. The Group is expanding its capabilities at the Haina, Dominican Republic, Michalovce, Slovakia, Rhymney, United Kingdom and Minsk, Belarus facilities to optimise its supply chain for the Wound, Ostomy, and CCC franchises.

(3) The Group holds a long-term leasehold the Rhymney property with a term of 999 years from 23 August 2000.

(4) Currently for sale.

9. Statutory auditors

On 7 October 2016, the Company appointed Deloitte LLP, chartered accountants, whose registered address is at Athene Place, 66 Shoe Lane, London EC4A 3BQ, United Kingdom, as its auditors. Deloitte LLP have audited the consolidated accounts for the Group for financial information as at and for the six months ended 30 June 2016 and the years ended 31 December 2015, 2014 and 2013, as well as reviewed the consolidated accounts for the Group for financial information as at and for the six months ended 30 June 2015 in accordance with auditing standards.

10. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group, and (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this Prospectus:

10.1 *Underwriting Agreement*

The Underwriting Agreement described in paragraph 7.1 of this Part 15 (Additional Information).

10.2 ***Relationship Agreement***

The Relationship Agreement is described in Part 8 (Directors, Senior Managers and Corporate Governance).

10.3 ***Reorganisation Agreement***

The Reorganisation Agreement is described in paragraph 1.16 of this Part 15 (Additional Information).

10.4 ***New Credit Facilities***

The credit facilities agreement dated 25 October 2016 (the "Credit Facilities Agreement") consists of new credit facilities including (a) approximately $1,795 million in term loan facilities, which will be constituted by term A loans denominated in US dollars and euros (the "Term A Loan Facilities") and (b) term B loans denominated in US dollars (the "Term B Loan Facility" and together with the Term A Loan Facilities, the "Term Loan Facilities") and (c) a $200.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facilities, the "New Credit Facilities"). The borrowers under the New Credit Facilities are ConvaTec Inc., ConvaTec Healthcare D S.à r.l., ConvaTec Limited and ConvaTec Holdings U.K. Limited (collectively, the "Borrowers"). The New Credit Facilities will be guaranteed by ConvaTec Healthcare C S.à r.l., Cidron Healthcare Limited, each of the Borrowers and certain of the Company's remaining wholly owned subsidiaries, which generate the majority of the Company's consolidated Adjusted EBITDA, subject to certain exceptions. ConvaTec Healthcare C S.à r.l., Cidron Healthcare Limited, such wholly owned subsidiaries and Borrowers are referred to below as the "Guarantors". Wilmington Trust (London) Limited is the collateral agent (the "Collateral Agent") and J.P. Morgan Europe Limited is the administrative agent (the "Administrative Agent") under the Credit Facilities Agreement.

The Revolving Credit Facility makes available $200.0 million of committed financing, of which up to $50.0 million will be available for utilisation by way of issuance of letters of credit and up to $25.0 million for borrowings on same day notice, referred to as swingline loans. Borrowings under the Revolving Credit Facility will be used to finance the general corporate and working capital needs of the Group and are available for drawing in US dollars, euro and pounds sterling.

10.4.1 *Repayments and prepayments*

The Term A Loan Facilities are repayable in semi-annual instalments in aggregate annual amounts equal to 2.5 per cent. in year one, 5.0 per cent. in year two, 7.5 per cent. in year three, 10.0 per cent. in year four and 7.5 per cent. in year five, in each case of the original principal amount of the Term A Loan Facilities. The Term B Loan Facility is repayable in semi-annual instalments in an aggregate annual amount equal to 1.0 per cent. of the original principal amount of the Term B Loan Facility. The Term A Loan Facilities will mature in 2021, the Term B Loan Facility will mature in 2023 and the Revolving Credit Facility will mature in 2021. Any amounts still outstanding under the respective facilities at such times will be immediately due and payable.

Subject to certain conditions, the Borrowers may voluntarily prepay their utilisations under the New Credit Facilities in a minimum amount of $1.0 million (or its equivalent) for term loans or revolving loans and $100,000 (or its equivalent) for swingline loans. Amounts repaid under the Term Loan Facility may not be reborrowed. The Borrowers may also voluntarily permanently cancel all or part of the available revolving commitments under the New Credit Facilities in a minimum amount of $1.0 million (or its equivalent) by giving three business days' prior notice to the Agent under the New Credit Facilities.

In addition to voluntary prepayments, the Credit Facilities Agreement requires mandatory prepayment in full or in part in certain circumstances including, in relation to the Term Loan Facility and subject to certain criteria, from the proceeds of asset sales in excess of $20.0 million, the issuance or incurrence of debt and from excess cash flow.

10.4.2 *Interest and fees*

Borrowings under the New Credit Facilities bear interest at either EURIBOR rate, Eurodollar rate, or an Alternate Base Rate ("ABR"), in each case, plus an applicable margin. Under the Term Loan Facilities, EURIBOR interest is associated with the borrowings in Euros; while LIBOR and ABR interest is associated with borrowings in US Dollars. EURIBOR, Eurodollar or ABR interest rates may apply to any outstanding borrowings under the Revolving Credit Facility. ABR, as defined in the Credit Facilities

Agreement, is the greater of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50 per cent. or (c) the Eurodollar Rate for a one month interest period plus 1.00 per cent., provided that the ABR for the Term Loan Facilities may not be less than 1.00 per cent. The Eurodollar rate is subject to a floor of 0.75 per cent. per annum in respect of the Term B Loan Facility and 0.00 per cent. per annum in respect of all other loans. The margins applicable to the Term A Loan Facilities denominated in Euro range from 2.0 per cent. to 2.25 per cent. and the margins applicable to the Term A Loan Facilities denominated in Dollars range from 1.0 per cent. to 1.25 per cent. if using ABR and 2.0 per cent. to 2.25 per cent. if using the Eurodollar rate and the margins applicable to the Term B Loan Facility range from 1.25 per cent. to 1.50 per cent. if using ABR and 2.25 per cent. to 2.50 per cent. if using the Eurodollar rate, in each case, with the relevant step-down in margin occurring depending on the relevant first lien net leverage ratio. The margins applicable to Revolving Loans range from 0.50 per cent. to 1.25 per cent. if using ABR and from 1.50 per cent. to 2.25 per cent. if using EURIBOR or Eurodollar, as applicable, in each case, depending on the first lien net leverage ratio.

The Borrowers are required to pay a commitment fee of 0.50 per cent. per annum which may be reduced to 0.375 per cent. per annum depending on the first lien net leverage ratio, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility. The Borrowers are also required to pay fees related to the issuance of letters of credit and certain fees to the Administrative Agent and the security agent in connection with the New Credit Facilities.

10.4.3 *Covenants*

The New Credit Facilities contain customary operating and negative covenants including but not limited to covenants limiting:

- incurrence of indebtedness;
- incurrence of liens;
- mergers, consolidations, liquidations, dissolutions and other fundamental changes;
- sales of assets;
- dividends and other payments in respect of capital stock or junior debt subject to an available amount built by consolidated net income;
- acquisitions;
- transactions with affiliates;
- changes in fiscal year;
- negative pledge clauses and clauses restricting subsidiary distributions; and
- holding companies.

The New Credit Facilities also require ConvaTec Healthcare C S.à r.l. and Cidron Healthcare Limited (as applicable), each Borrower and each Guarantor to observe certain customary affirmative covenants. Each set of annual and semi-annual financial statements provided by the Group under the New Credit Facilities include a consolidated balance sheet, profit and loss account and cash flow statement.

10.4.4 *Financial covenant*

The Borrowers' financial and operating performance is monitored by a financial covenant, which requires the Borrowers to ensure that the Consolidated Total Net Leverage Ratio (as defined in the Credit Facilities Agreement) does not exceed 5.40:1.00 for each half-fiscal year ending prior to 31 December 2019 and 4.75:1.00 for each half-fiscal year ending on or after 31 December 2019. The financial covenant is tested at the end of each half-fiscal year.

10.4.5 *Events of default*

The New Credit Facilities contain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including but not limited to the following:

- non-payment of principal when due;
- non-payment of interest, fees or other amounts;

- material inaccuracy of a representation or warranty when made;
- violation of certain covenants (subject to cure rights with respect to breaches of the financial covenant);
- cross default to material indebtedness;
- bankruptcy and related insolvency events of certain ConvaTec holding entities or the Company's subsidiaries (other than immaterial subsidiaries);
- certain ERISA/pension obligation events;
- material judgments;
- actual or asserted invalidity of any guarantee, security document or subordination provisions or non perfection of security interest; and
- a change of control.

The occurrence of an event of default would, subject to agreed grace periods, thresholds and other qualifications, allow the initial lenders under the New Credit Facilities (the "Lenders") to accelerate all or part of the outstanding utilisations and/or terminate their commitments and/or declare all or part of their utilisations payable on demand and/or declare that cash cover in respect of letter of credit facilities is immediately due and payable.

10.4.6 *Incremental Facilities*

The Credit Facilities Agreement also provides for the ability of the Company (or an affiliate of the Company) to enter into incremental term facilities (the "Incremental Term Facilities") and incremental revolving facilities (the "Incremental Revolving Credit Facilities") and to issue senior secured, senior unsecured, senior subordinated or subordinated notes (the "New Incremental Notes" and together with the Incremental Term Facilities and the Incremental Revolving Credit Facilities, the "Incremental Facilities") on terms that would be agreed at the relevant time.

The Incremental Term Facilities and the Incremental Revolving Credit Facilities (each as defined herein) are subject to certain conditions and are available in (i) a cash-capped amount equal to the greater of $475 million and consolidated EBITDA as of the end of the most recently ended two half-fiscal year period, provided that the Consolidated Total Net Leverage Ratio (as defined in the Credit Facilities Agreement) does not exceed 4.00 to 1.00, (ii) an unlimited amount so long as the Maximum Total Leverage Ratio Requirement (as defined in the Credit Facilities Agreement) is satisfied, and (iii) an amount equal to all voluntary prepayments or repurchases under the Term Loan Facilities and voluntary prepayments under the Revolving Credit Facility (to the extent accompanied by a corresponding permanent reduction in the revolving commitments) (such sum, the "Incremental Amount"), in US dollars and/or euro (and, in the case of the Incremental Revolving Credit Facilities, pounds sterling), provided that the Borrowers satisfy certain other requirements, including: no default or event of default, minimum borrowing amounts of $15.0 million and, in respect of Incremental Term Facilities, a maturity date and weighted average life to maturity of each individual loan within the Incremental Term Facilities that is greater than the weighted average maturity date of the Term Loan Facilities and if shorter, shall not have an amortisation of greater than 5.0 per cent. per annum. Additionally, should the yield on any Incremental Term Facility exceed the interest margin on the Term Loan Facilities denominated in the same currency by more than 0.50 per cent., then the yield on the applicable Term Loan Facilities will automatically increase such that the yield on such Term Loan Facilities denominated in the same currency shall be 0.50 per cent. below the yield on the applicable Incremental Term Facilities.

The New Incremental Notes shall not exceed the Incremental Amount and are available in US dollars and euro, provided that the Borrowers satisfy certain other requirements, including: no default or event of default and the issuance shall be in an amount of no more than $15.0 million (or its equivalent). The New Incremental Notes shall rank pari passu or junior in right of payment and of security, and the maturity date and weighted average life to maturity of such New Incremental Notes must be greater than the weighted average maturity date of the Term Loan Facilities.

10.4.7 *Governing law*

The New Credit Facilities and any non contractual obligation arising out of or in connection with it are governed by and construed and interpreted in accordance with New York law.

10.5 ***The Group's existing financing arrangements***

The Company intends to use the net proceeds from the issue of the New Shares, together with approximately $1,795 million to be drawn under the New Credit Facilities, to redeem immediately following Admission all of the PIK Notes currently outstanding, to redeem on 15 December 2016 all of the Existing Senior Notes then outstanding and to repay immediately following Admission outstanding amounts under the Group's Existing Credit Facilities.

10.5.1 *PIK Notes Indenture*

On 12 August 2013, ConvaTec Finance International S.A. ("CFI") completed the issuance of the PIK Notes. As of 30 June 2016, the Group had a total of $900.0 million principal amount of PIK Notes outstanding, which accrue cash interest at a rate of 8.25 per cent. per annum and PIK interest (if cash interest is not elected to be paid) at a rate 9.00 per cent. per annum. If CFI is entitled to pay PIK interest in respect of the PIK Notes, CFI may elect (subject to certain restrictions) to either increase the outstanding principal amount of the PIK Notes or issue additional PIK Notes under the indenture governing the PIK Notes and having the same terms as the existing PIK Notes. The PIK Notes mature on 15 January 2019.

The PIK Notes limits the ability of ConvaTec Healthcare A S.à. r.l., the direct parent company of CFI, and its restricted subsidiaries to declare or pay dividends, make certain restricted payments and investments, enter into certain transactions with affiliates, transfer or sell assets, create certain liens and guarantee certain additional debt. Subject to certain exceptions, the PIK Notes Indenture permits the parent guarantor and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness. At any time prior to maturity, the PIK Notes may be redeemed at the option of CFI, in whole or in part at a redemption price of 100.0 per cent. The Company intends to redeem the PIK Notes immediately following Admission.

10.5.2 *Existing Senior Notes Indenture*

On 22 December 2010, ConvaTec Healthcare E S.A. issued the Existing Senior Notes, which are comprised of the Senior Dollar Notes and Senior Euro Notes. As of 30 June 2016, the Group had $745 million principal amount Senior Dollar Notes and €250 million principal amount of Senior Euro Notes outstanding, which bear interest at rates of 10.5 per cent. and 10.875 per cent., respectively. The Existing Senior Notes mature on 15 December 2018.

The Existing Senior Notes limit the ability of ConvaTec B and its restricted subsidiaries to pay dividends, issue certain capital stock, make certain investments, sell assets, create liens, consolidate, merge sell or otherwise dispose of all or substantially all of its assets and enter into certain transactions with affiliates. Subject to certain exceptions, the Existing Senior Notes Indenture permits ConvaTec B and its restricted subsidiaries to incur additional indebtedness, including secured indebtedness.

The Existing Senior Notes may be redeemed at the option of the holders at 101 per cent. of their face amount, plus accrued and unpaid interest, upon certain change of control events. The Existing Senior Notes may be redeemed by the Group at 102.625 per cent. (in the case of the Senior Dollar Notes) or 102.719 per cent. (in the case of the Senior Euro Notes) prior to 15 December 2016 or 100 per cent. from 15 December 2016 of their face amount, in each case plus accrued interest to the date of redemption. The Company intends to redeem the Existing Senior Notes on 15 December 2016.

10.5.3 *Existing Credit Facilities Agreement*

Immediately prior to Admission, the Group's Existing Credit Facilities Agreement consists of (i) $800.0 million term loans and €755.0 million term loans (together, the "Existing Term Loan Facilities") and (ii) a $200.0 million revolving credit facility (the "Existing Revolving Credit Facility" and together with the Existing Term Loan Facilities, the "Existing Credit Facilities"), and provides for incremental term facilities and incremental revolving facilities subject to the terms and conditions of the Credit Facilities Agreement.

The Existing Revolving Credit Facility makes available $200 million of committed financing, of which up to $40 million is available for utilisation by way of letters of credit and up to $25 million for borrowings, referred to as swingline loans. Borrowings under the Existing Revolving Credit Facility are used to finance the Group's general corporate and working capital needs and are available in USD, EUR and GBP.

The Group may voluntarily cancel the available revolving commitments under the Existing Credit Facilities by giving three business days' prior notice to the Agent under the Existing Credit Facilities.

Borrowings under the Existing Credit Facilities bear interest at either EURIBOR rate, Eurodollar rate, or an Alternate Base Rate, or ABR, in each case, plus an applicable margin.

The Existing Credit Facilities contain customary operating and negative covenants including covenants limiting dividends subject to an available retained excess cash flow.

The Company intends to repay all amounts outstanding under the Existing Credit Facilities Agreement, and to cancel the available revolving commitments, immediately following Admission.

11. United Kingdom Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Shares. They are based on current UK law and what is understood to be the current published practice of HMRC as at the date of this Prospectus, both of which may change, possibly with retroactive effect. They apply only to Shareholders who are resident and, in the case of individuals domiciled, for tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owner of both the Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

The statements summarise the current position, do not represent tax advice and are intended as a general guide only. Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

11.1 *Taxation of dividends*

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder.

11.1.1 *UK resident individual Shareholders*

With effect from April 2016, the income tax rules applicable to dividends changed. Dividend income no longer carries a UK tax credit, and instead new rates of tax apply. These include a nil rate of tax for the first £5,000 of dividend income in any tax year (the "nil rate band") and different rates of tax for dividend income that exceeds the nil rate band. For these purposes "dividend income" includes UK and non UK source dividends and certain other distributions in respect of shares.

Under the new rules, an individual Shareholder who is resident for tax purposes in the UK and who receives a dividend from the Company will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) that dividend falls within the nil rate band.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5 per cent. to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5 per cent. to the extent that it is within the higher rate band, or 38.1 per cent. to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

11.1.2 *UK resident corporate Shareholders*

It is likely that most dividends paid on the Shares to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

11.1.3 *UK resident exempt Shareholders*

UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to any tax credit in respect of dividends paid by the Company.

11.1.4 *Non-UK resident Shareholders*

No tax credit will attach to any dividend paid by the Company. A Shareholder resident outside the UK may be subject to non-UK taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

An individual UK Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") for a period of five years or less and who receives or becomes entitled to dividends from the Company during that period of temporary non-residence may, if the Company is treated as a close company for UK tax purposes and certain other conditions are met, be liable for income tax on those dividends on his or her return to the UK.

11.2 ***Taxation of disposals***

A disposal or deemed disposal of Shares by a Shareholder who is resident in the UK for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

Shareholders who are not resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the Shares are used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty ("Treaty non-resident") for a period of five years or less (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident or becomes Treaty non-resident for a period of less than five tax years) and who disposes of all or part of his Shares during that period may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

11.3 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

11.3.1 *The Offer*

The stamp duty and SDRT treatment of the subscription or purchase of Shares under the Offer will be as follows:

(a) The issue of Shares direct to persons acquiring Shares pursuant to the Offer will not generally give rise to stamp duty or SDRT.

(b) The transfer of, or agreement to transfer, Shares sold by the Selling Shareholders under the Offer or the Principal Shareholders pursuant to the Overallotment Option will generally give rise to a liability to stamp duty and/or SDRT at a rate of 0.5 per cent. of the Offer Price (in the case of stamp duty, rounded up to the nearest multiple of £5). The Selling Shareholders and the Principal Shareholders have agreed to meet such liability in respect of the Existing Shares and any Overallotment Shares, respectively. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

11.3.2 *Subsequent transfers*

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring Shares. As noted above an exemption from stamp duty is available on an instrument transferring Shares where the amount or value of

the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. A charge to SDRT will also arise on an unconditional agreement to transfer Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will be refunded (generally, but not necessarily, with interest) provided that a claim for repayment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

11.3.3 *Shares transferred through paperless means including CREST*

Paperless transfers of Shares, such as those occurring within CREST, are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent) will arise.

11.3.4 *Shares held through Clearance Systems or Depositary Receipt Arrangements*

Special rules apply where Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within Section 67 or Section 93 of the Finance Act 1986 or a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at a rate of 1.5 per cent. Following litigation HMRC has confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. However, this view has not been reflected in a change in the UK rules. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. This view is currently being challenged in further litigation. **Accordingly, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or stamp duty reserve tax charge in any circumstances.**

The statements in this paragraph (11.3.4) apply to any holders of Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries.

11.4 ***Inheritance Tax***

The Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold Shares, bringing them within the charge to inheritance tax.

Shareholders should consult an appropriate tax adviser if they make a gift or transfer at less than market value or intend to hold any Shares through trust arrangements.

12. US Federal Income Taxation

The following discussion is a general summary based on present law of certain US federal income tax considerations relevant to the acquisition, ownership and disposition of Shares. This discussion is not a complete description of all tax considerations that may be relevant; it is not a substitute for tax advice. It addresses only US Holders (as defined below) that purchase Shares in the Offer, will hold Shares as capital assets and use the US dollar as their functional currency. This discussion does not address the tax treatment of persons subject to special rules, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers, traders in securities that elect to mark-to-market, tax-exempt entities, persons owning directly, indirectly or constructively ten per cent. or

more of the Company's share capital, US expatriates, investors liable for alternative minimum tax, persons holding Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction or persons holding Shares in connection with a permanent establishment or fixed base outside the United States. It also does not address US federal taxes other than income tax (*e.g.*, estate and gift taxes), US state and local, or non-US tax considerations.

As used in this section, "US Holder" means a beneficial owner of Shares that is, for US federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court or (iv) an estate the income of which is subject to US federal income tax without regard to its source.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds Shares generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their own tax advisors regarding the specific US federal income tax consequences to their partners of the partnership's acquisition, ownership and disposition of Shares.

The Company believes, and the following discussion assumes, that Cidron Healthcare Limited was not a passive foreign investment company (a "PFIC") in its taxable year ending December 31, 2015 and that, based on the Group's present income and assets, including the expected proceeds of the Offer, and the manner in which the Group conducts its business, the Company will not be a PFIC in its current taxable year and does not expect to become a PFIC in in the foreseeable future. The tests to determine whether a company is a PFIC apply annually and a company's status can change depending, among other things, on changes in the composition of its gross income and the relative quarterly average value of its assets, changes in its operations and changes and the market value of its stock. Accordingly, no assurance can be provided by the Company that it will not become a PFIC in the current or any future year.

12.1 ***Dividends***

Distributions on the Shares should be included in a US Holder's gross income as ordinary dividend income from foreign sources upon receipt. Dividends will not be eligible for the dividends-received deduction generally available to US corporations. If the Company qualifies for benefits under the United States-United Kingdom tax treaty (the "Treaty") and is not a PFIC as to the US Holder in the year of distribution or in the preceding year, dividends on the Shares will qualify for the reduced rates applicable to qualified dividend income of certain eligible non-corporate US Holders that satisfy a minimum holding period and other generally applicable requirements. Assuming that Shares are traded on the London Stock Exchange in sufficient volume, the Company believes it will qualify for benefits under the Treaty.

Dividends paid in a currency other than US dollars will be includable in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the currency is converted into US dollars or otherwise disposed of at that time. A US Holder's tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss realised on a subsequent disposition or conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If a dividend paid in non US currency is converted into US dollars on the day the dividend is received, the US Holder will generally not be required to recognise foreign currency exchange gain or loss in respect of the dividend.

12.2 ***Dispositions***

A US Holder generally will recognise capital gain or loss on the sale or other disposition of Shares in an amount equal to the difference between the US Holder's adjusted tax basis in the Shares and the US dollar value of the amount realised from the sale or other disposition. Any gain or loss generally will be capital gain or loss treated as arising from US sources and will be long-term capital gain or loss if the US Holder's holding period exceeds one year. A loss may nonetheless be a long-term capital loss regardless of a US Holder's actual holding period to the extent the US Holder has received qualified dividends eligible for reduced rates of tax described above under "—Dividends" prior to a sale or other disposition of its Shares that, alone or combined with any other dividends from the Company within an 85 day period, exceeded 10 per cent. of such US Holder's basis in the Shares. Deductions for capital loss are subject to limitations.

A US Holder's adjusted tax basis in the Shares generally will be the US dollar value of the purchase price paid in the Offer. A US Holder that receives a currency other than US dollars on the sale or other disposition of Shares will realise an amount equal to the US dollar value of the currency received at the spot exchange rate on the date of sale or other disposition (or, if the Shares are treated as traded on an established securities market at such time, in the case of cash basis and electing accrual basis US Holders, the settlement date). An accrual basis US Holder that does not elect to determine the amount realised using the spot exchange rate on the settlement date will recognise foreign currency gain or loss equal to the difference between the US dollar value of the amount received based on the spot exchange rates in effect on the date of sale or other disposition and the settlement date. A US Holder will have a tax basis in the currency received equal to the US dollar value of the currency received at the spot exchange rate on the settlement date. Any gain or loss realised on a subsequent disposition or conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss.

12.3 ***Passive Foreign Investment Company Rules***

The Company believes that Cidron Healthcare Limited was not a PFIC in its taxable year ending December 31, 2015 and that, based on the Group's present income and assets, including the expected proceeds of the Offer, and the manner in which the Group conducts its business, the Company will not be a PFIC in its current taxable year and does not expect to become a PFIC in in the foreseeable future. In general, a non-US corporation is a PFIC for any taxable year in which, taking into account a pro rata portion of the income and assets of 25 per cent. or more owned subsidiaries, either (i) at least 75 per cent. of its gross income is passive income or (ii) at least 50 per cent. of the average value of its assets is attributable to assets that produce or are held to produce passive income. For this purpose, passive income generally includes, among other things, interest, dividends, rents, royalties and gains from the disposition of investment assets (subject to various exceptions) and passive assets generally includes property that either produces passive income or does not produce income. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition of the Group's gross income and the relative quarterly average value of its assets. Accordingly, there can be no assurance that the Company will not be a PFIC in the current or any future taxable year.

If the Company were a PFIC for any taxable year in which a US Holder holds Shares, such US Holder will be subject to additional taxes on any excess distributions and any gain realised from the sale or other taxable disposition of the Shares (including certain pledges) regardless of whether the Company continues to be a PFIC in subsequent years. A US Holder will have an excess distribution to the extent that distributions on Shares during a taxable year exceed 125 per cent. of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain is allocated ratably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

A US Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark the Shares to market annually. The election is available only if the Shares are considered "marketable stock," which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking the Shares to market or from disposing of them would be ordinary income. Any loss from marking the Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking the Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Shares will be traded in sufficient frequency and quantity to be considered "marketable stock" or whether the London Stock Exchange is or will continue to be considered a qualifying exchange for purposes of the PFIC mark-to-market election. A valid mark-to-market election cannot be revoked without the consent of the US Internal Revenue Service ("IRS") unless the Shares cease to be marketable stock.

Each US Holder is encouraged to consult its own tax advisor as to the Company's status as a PFIC and whether a mark to market election is available or desirable in their particular circumstances.

12.4 ***Medicare Tax on Net Investment Income***

Certain non-corporate US Holders whose income exceeds certain thresholds generally will be subject to a 3.8 per cent. surtax tax on their "net investment income" (which generally includes, among other things, dividends on, and capital gain from the sale or other disposition of Shares). Non-corporate US Holders should consult their own tax advisors regarding the possible effect of such tax on their ownership and disposition of Shares.

12.5 ***Reporting and Backup Withholding***

Dividends on the Shares and proceeds from the sale or other disposition of Shares that are made into the United States or through certain US-related financial intermediaries may be reported to the US Internal Revenue Service ("IRS") unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to reportable payments unless the holder makes the required certification, including providing its taxpayer identification number or otherwise establishes a basis for exemption. Any amount withheld may be credited against a US Holder's US federal income tax liability or refunded to the extent it exceeds the holder's liability, provided the required information is timely furnished to the IRS.

Certain US Holders are required to report information to the IRS with respect to Shares not held through an account with a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Shares.

12.6 ***Additional Transfer Reporting Requirements***

A US Holder that transfers cash in exchange for equity of a newly created non-US corporation may be required to file a Form 926 or a similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10 per cent. by vote or value of the corporation or (ii) if the transferred cash, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds $100,000. Because the Company was formed recently prior to the Offer, it is possible that US Holders would be subject to these transfer reporting requirements. US Holders should consult their tax advisors regarding the applicability of this requirement to their acquisition of Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SHARES IN THE INVESTOR'S OWN CIRCUMSTANCES.

13. Enforcement and civil liabilities under US federal securities laws

The Company is a public limited company incorporated under English law. Many of the Directors are citizens of the United Kingdom (or other non-US jurisdictions), and a portion of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Directors or to enforce against them in the US courts judgments obtained in US courts predicated upon the civil liability provisions of the US federal securities laws. There is doubt as to the enforceability in England, in original actions or in actions for enforcement of judgments of the US courts, of civil liabilities predicated upon US federal securities laws.

14. Legal and administrative proceedings

Save as described below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had, a significant effect on the Company's and/or the Group's financial position or profitability.

14.1 *FDA Regulations*

If the FDA believes the Group is not in compliance with applicable laws or regulations, the agency can institute a wide variety of enforcement actions, including issuing warning letters or untitled letters; levying fines and civil penalties; delaying or refusing the clearance or approval of products; withdrawing or suspending approval of products or those of third-party suppliers; requiring product recalls or seizures;

ordering physician notification or device repair, replacement or refund; imposing operating restrictions or interruption of production; or pursuing injunctions or criminal prosecution. Any of these actions could require unanticipated expenditures to address or defend against such actions. The Company has been subject to FDA enforcement actions in the past, as discussed below.

14.1.1 *FDA Inspections and Warning Letters*

On 17 August 2016 the FDA issued a Form FDA-483 at the conclusion of a routine inspection of the Group's Deeside R&D facility. A Form 483 is a list of inspectional observations issued by the FDA. The Form 483 identified one inspectional observation covering an issue related to product nonconformities and the facility's corrective and preventive action processes. The Group carefully reviewed the Form FDA 483 observation and submitted a written response to the FDA which identified the actions being taken to address the FDA's observation. A response from the FDA is still pending.

On 30 October 2014 the FDA issued a Form FDA-483 at the conclusion of an inspection of the Osted, Denmark facility of Unomedical A/S ("Unomedical"), a Group company. The Form 483 identified three inspectional observations covering issues related to design validation and the facility's corrective and preventive action processes. Unomedical carefully reviewed the Form FDA-483 observations and submitted a written response to the FDA which identified the actions being taken to address the FDA's observations. In March 2015, the Company received a letter from the FDA indicating that the Agency was satisfied with the Group's responses to the inspectional observations and that no further regulatory action was justified. The FDA also stated it would follow up at their next scheduled inspection to ensure these observations were corrected and verified.

On 24 June 2014, the FDA issued a warning letter to Unomedical resulting from an inspection of the Michalovce, Slovakia manufacturing plant in February 2014. The warning letter identified certain violations of FDA regulations relating to manufacturing processes and controls at the facility. Following the February 2014 inspection, the Group took prompt action to correct the violations the FDA had identified, and provided updates, including documented evidence of corrective actions, to the FDA in April and June 2014. The Group held a follow-up meeting with the Foreign Inspections office of the FDA in September 2014 during which the Foreign Inspections office confirmed that it had no further questions. The Group hosted a follow-up inspection from the FDA in January 2015, which resulted in a two-observation Form 483, to which the Group responded and which observations the Group subsequently corrected. In July 2015, the Group received a letter from the FDA indicating the FDA was satisfied with the Group's responses to the inspectional observations and that no further regulatory action was justified. The FDA also stated that it would follow up at the next scheduled inspection to ensure that the observations had been corrected and verified. The letter also formally closed out the warning letter from 24 June 2014.

The Group previously received a warning letter from the FDA dated 24 May 2013 resulting from a routine inspection at its Skillman, New Jersey facility. The warning letter identified certain violations of FDA regulations relating to complaint handling and other quality management system elements at this facility. While the Skillman facility has since been closed as part of office space consolidation, the Group has added resources and updated its quality system to address the FDA's concerns. For example, the Group has employed resources at its new global quality, regulatory, and clinical affairs headquarters in Greensboro for complaint handling and at the Deeside Design Center in the United Kingdom for its R&D activities. The Group continues to review and improve its quality system to increase efficiency and ensure regulatory compliance. The Group agreed with the FDA to conduct a certification audit by the end of 2014, and such consultant-led certification audits were completed in December 2014 and submitted to the FDA. The Group believes these audits demonstrated significant progress in its remediation efforts. In June 2015, in a routine update to the FDA, the Group confirmed that it has completed remediation of the affected processes from the 24 May 2013 warning letter and considered the associated Form 483 observations closed. In September 2015, the FDA visited the Group's Greensboro facility to conduct a follow-up inspection as a result of the May 24, 2013 warning letter. The inspection resulted in zero 483 observations. On 5 January 2016, the Group received an informal communication from the FDA that the Agency intends to close out the 24 May 2013 warning letter, and the formal close-out letter dated 10 February 2016 has been published on the FDA's website.

14.1.2 *Corrections and Removals*

The design, development, manufacture and sale of the Group's products involve an inherent risk of product liability or other claims by consumers and other third parties. The FDA and similar foreign governmental authorities have the authority to require the recall of commercialised products in certain instances. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. In addition, manufacturers may, under their own initiative, recall a product, including in situations in which a material deficiency in a device is found. A government-mandated or voluntary recall by the Group could occur as a result of component failures, manufacturing errors, design or labelling defects or other deficiencies and issues. The FDA requires that certain classifications of recalls be reported to the FDA within ten working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA.

The Group has been in the past, continues to be, and may in the future be subject to various product liability lawsuits, product recalls and requirements to issue field corrections related to its products due to manufacturing deficiencies, labelling errors or other safety or regulatory reasons. In April 2014, the Group initiated a voluntary global recall of its Flexi-Seal CONTROL Fecal Management System as a result of the potential risk of harm associated with inconsistent performance of the product and certain related regulatory issues. The FDA classified this recall as a Class I recall, reflecting a determination that exposure to the device carries a reasonable probability of serious adverse health consequences, including death. In September 2015, the Group received notification from the FDA formally closing out the recall.

In October 2014, the Group became aware of an issue with its NicoFix Securement device and decided to carry out a voluntary recall of affected lots. The Group does not expect the costs associated with this recall to be significant.

In May 2015, the Group initiated a voluntary recall of certain batches of its steel cannula infusion set devices, including the Sure-T, Sure-T Paradigm, contact detach, contact, Sub Q, neria, neria detach, neria multi and thalaset models, due to an increase in reported needle breakage. The recall is currently limited to affected devices in Germany and certain other European countries, and in some other countries, such as the United States, a Field Safety notification has been issued. Unomedical has initiated the recall based on a determination that, in rare cases, the steel needle can break during use, thereby potentially interrupting the delivery of insulin or medication. While the reported failure rate was low, Unomedical commenced the recall following discussions with regulatory authorities in Germany and in other affected countries. The Group views this recall as a precautionary measure and has not received any reports of death or serious injury resulting from a breakage of the needle and/or interruption of therapy.

Unomedical also initiated a voluntary recall of its suction catheter devices in June 2015 after an increase in reported complaints of splitting of the connector portion. The recall has been initiated in Australia and the Czech Republic and is a precaution to ensure that distributed products are of the highest quality. The Group is in the process of completing destruction of the affected devices that have been returned and anticipates closing out this recall shortly.

In January 2016, Unomedical initiated a recall of a range of nebuliser products in Europe, the United States, Canada, and China due to an increase in complaints related to the products' failure to generate an atomised spray as intended. Following an investigation, Unomedical determined that the issue was due to variability in a moulding process in manufacture.

The circumstances that lead to recalls and other field actions, as well as similar occurrences in the future, may be the subject of product liability claims due to allegations that use of the Group's products resulted in adverse health consequences. For example, in June 2013, Medtronic issued a recall of certain infusion sets, including the Quick-Set and Silhouette infusion sets, which include P-Cap connectors designed by Medtronic and manufactured for Medtronic by Unomedical A/S for use with Medtronic insulin infusion pumps in diabetes care. Medtronic issued this recall due to a potential safety issue that can occur if insulin or other fluids come in contact with the inside of the tubing/P-Cap connector. This recall has resulted in new pending or threatened litigation against various Unomedical and ConvaTec entities (the latter of which had no involvement in the manufacture or sale of infusion sets). These lawsuits allege that the infusion sets are defective and have caused injuries or death to various plaintiffs. All of these cases also include claims against Medtronic, and allegations that their insulin pumps (which Unomedical does not make or sell) are defective. To the best of the Group's knowledge, as of the date of this Prospectus, approximately 20 product liability lawsuits had been filed. The Unomedical and ConvaTec entities have

been voluntarily dismissed without prejudice from eight of these lawsuits. The Group has sent a demand to Medtronic seeking indemnification for these lawsuits consistent with the terms of the agreements between them. To date, Medtronic has rejected this demand. The Group also carries product liability insurance, subject to a self-insured retention, and has notified the insurance carrier about these lawsuits. The lawsuits are all in their early stages, and at this point the Group is unable to predict the likelihood of an unfavourable outcome or estimate any potential loss.

14.2 *US Department of Justice Subpoena*

ConvaTec Inc. and one of its subsidiaries (180 Medical, Inc.) each received a subpoena from the United States Attorney's Office in Massachusetts in March 2014. ConvaTec Inc. and 180 Medical understand that the subpoenas were part of a broad industry investigation into the marketing and business practices of manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets. Both companies cooperated fully with the government.

180 Medical, along with multiple manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets, also informally received a copy of an unsealed, first amended *qui tam* False Claims Act Complaint filed in the United States District Court for the District of Massachusetts on 20 November 2014. A second amended complaint was filed on 28 May 2015.

The second amended complaint originates with a *qui tam* action filed by current and former Coloplast employees. The second amended complaint generally alleges improper marketing and business practices of manufacturers and suppliers in the ostomy care, wound care, and continence/urology care markets, and seeks to recover treble damages sustained by, and civil penalties and restitution owed to, the United States as a result of allegedly illegal kickback schemes, illegal telephone solicitation campaigns, and deceptive sales campaigns designed to defraud Medicare to pay for medically unnecessary products and fraudulent billing schemes.

On 29 July 2015, the government officially declined to intervene against 180 Medical in the matter, and the relators voluntarily dismissed 180 Medical. On 5 February 2016, the United States Attorney's Office confirmed that its investigation is closed and the subpoenas are withdrawn. On 8 February 2016, the court entered an order dismissing all claims against 180 Medical, without prejudice.

14.3 *Theft of Patient Data Litigation and HIPAA Matters*

On or about 24 September 2014, a ConvaTec Inc. subsidiary, PRN Medical Services, LLC (doing business as Symbius Medical), received a request for information and documentation from the Department of Health and Human Services Office of Civil Rights ("OCR") in connection with a breach notice filed by Symbius Medical under HIPAA in July 2014. The letter noted potential violations of various HIPAA Privacy and Security Rule and Breach Notification Rule provisions. The breach involved the alleged February 2014 theft of protected health information of approximately 13,000 patients by five former Symbius Medical employees, who left to work for a competitor (the "Competitor"). Symbius Medical became aware of the alleged theft in May 2014. Separately, Symbius Medical sued the employees ("Employee Defendants"), and their employer in Arizona Superior Court for Maricopa County, Case No. CV-2014-006931. The case was subsequently removed to the United States District Court for the District of Arizona, Case No. 2:14-cv-01047-GMS. A preliminary injunction was entered prohibiting further use or disclosure of the patient data.

This matter has been resolved with a confidential settlement agreement. Symbius Medical posted notice on its website and sent individual notices to the affected individuals listed on the documents known to be in the possession of the Employee Defendants after the date of their separation from Symbius Medical in July 2014. Information and documents responsive to the OCR letter were timely produced by Symbius Medical on 10 November 2014.

In March 2015, the Employee Defendants turned over information and documents during the course of discovery in the lawsuit, which for the first time disclosed a related breach circumstance of which Symbius Medical was previously unaware. The documents evidence that in May 2014, a then-current Symbius Medical employee violated law and Symbius Medical policies by emailing a spreadsheet containing 14,121 rows of patient data to the Employee Defendants, after they were hired by the Competitor. Upon becoming aware of this new related breach circumstance, Symbius Medical investigated and identified 800 uniquely affected individuals (who were not affected as part of the February 2014 theft), and sent notifications to these individuals as required by law. Symbius Medical formally notified OCR about this

related breach on 21 April 2015. In a letter dated 7 July 2015, OCR notified Symbius Medical that it has closed the case without further action.

14.4 *Smith & Nephew Patent Litigations and Settlement*

The Group and its competitor, Smith & Nephew, have engaged in a series of multi-year litigations related to patents concerning various wound care products. In one of these matters, the defendants (including Smith & Nephew) agreed to not market the product (Durafiber) during the pendency of the litigation provided that in the event the Group lost at trial it would pay for the defendants' lost profits. The Group lost at trial and on appeal and had until recently been engaged in litigation with the defendants as to the amount of their lost profits. The Group lost at trial and on appeal and then engaged in litigation with the defendants as to the amount of their lost profits. The parties entered into a settlement agreement in respect of this litigation, pursuant to which the Group paid £8.75 million to Smith & Nephew in December 2015 in final settlement.

15. Related party transactions

Save as described in the paragraph below, the Group's audited consolidated financial information for the six months ended 30 June 2016 and the three years ended 31 December 2015, 2014 and 2013 set out in Part 12 (Historical Financial Information) and the Relationship Agreement described in Part 8 (Directors, Senior Managers and Corporate Governance), there are no related party transactions between the Company or members of the Group that were entered into during the year to date or the financial years ended 31 December 2015, 2014 and 2013.

The Group's net sales included $3.4 million and $3.5 million for the six months ended 30 June 2016 and 2015, respectively (2015: $7.6 million; 2014: $9.1 million) of net sales to GHD GesundHeits GmbH Deutschland, a portfolio company ultimately owned by Nordic Capital Fund VIII (defined as Nordic Capital VIII Alpha, L.P. and Nordic Capital VIII Beta, L.P., for which Nordic Capital VIII Limited acts as General Partner), which is classified as a related party of the Group. GHD GesundHeits GmbH Deutschland is a provider of outpatient healthcare, therapy and services in Germany and the arrangements between it and the Group are conducted on arms-length commercial terms.

16. Working capital

In the opinion of the Company, taking into account the net proceeds receivable by the Company from the subscription for New Shares in the Offer, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

17. No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2016, the date to which the last audited consolidated financial information of the Group were prepared.

18. Consents

Deloitte LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the reports in Part 12 (Historical Financial Information) and Part 13 (Unaudited Pro Forma Financial Information), in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

A written consent under the Prospectus Rules is different from a consent filed with the SEC under Section 7 of the Securities Act. As the Shares have not been and will not be registered under the Securities Act, Deloitte LLP has not filed and will not be required to file a consent under Section 7 of the Securities Act.

19. General

19.1 The Company expects to incur underwriting commissions and other fees and expenses in connection with the Offer of approximately $71.0 million, of which the Company intends to pay approximately $42.7 million from the proceeds of the Offer and pay, or has already paid, approximately $28.3 million from the Group's cash resources. The Selling Shareholders have agreed to pay their expenses in connection with the sale of Shares including underwriting

commissions of up to approximately $0.7 (not including expenses related to the sale of Overallotment Shares, which will be borne by the Principal Shareholders).

19.2 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of section 434(3) of the Act.

19.3 Each New Share is expected to be issued at a premium of 215 pence to its nominal value of ten pence.

19.4 Pursuant to the Offer, existing Shareholders will experience a 33.4 per cent. dilution from the issue of 651,111,111 New Shares (that is, its, his or her proportionate interest in the Company will drop by 33.4 per cent.).

20. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Prospectus at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS:

(a) the Articles of Association of the Company;

(b) the historical financial information of the Group in respect of the six months ended 30 June 2016 and 2015 and the three financial years ended 31 December 2015, 2014 and 2013, together with the related accountant's reports from Deloitte LLP, which are set out in Section A of Part 12 (Historical Financial Information);

(c) the report from Deloitte LLP on the pro forma financial information, which is set out in Section B of Part 13 (Unaudited Pro Forma Financial Information);

(d) the consent letter referred to in "Consents" in paragraph 18 above; and

(e) this Prospectus.

Dated: 26 October 2016

PART 16
Definitions and Glossary

The following definitions apply throughout this Prospectus unless the context requires otherwise:

"ABR"	Alternate Base Rate
"Act"	the Companies Act 2006, as amended
"Adjusted EBIT"	Adjusted EBITDA, further adjusted to include (i) software and R&D amortisation and (ii) depreciation, excluding accelerated depreciation related to the closure of certain manufacturing plants. Following Admission, Adjusted EBIT will include ongoing stock compensation costs.
"Adjusted EBITDA"	net (loss) profit for the period and/or year before income tax expense (benefit), other (income) expense, net, finance costs, and depreciation and amortisation, as adjusted to exclude costs or gains that are excluded by management in assessing the operating performance of the business, including asset impairments, restructuring and other-related costs, remediation costs, share-based compensation, ownership structure costs and other costs
"Adjusted Gross Margin"	gross margin excluding impacts from amortisation of certain intangible assets and certain costs that are excluded by management in assessing the operating performance of the business
"Adjusted Net Income"	the net (loss) profit for the period and/or year adjusted to exclude impacts from amortisation of certain intangible assets including asset impairments, restructuring and other-related costs, remediation costs and other costs, including stock compensation expense associated with the legacy private equity stock compensation programmes, that are excluded by management in assessing the operating performance of the business, net of tax
"Administrative Agent"	J.P. Morgan Europe Limited
"Admission"	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
"APAC"	Asia Pacific region
"Articles"	the Articles of Association of the Company to be adopted upon Admission
"Avista"	the limited liability companies and limited partnerships managed by Avista Capital Managing Member, LLC with interests in the Company, including Avista Capital Partners LP, Avista Capital Partners II LP and their affiliated funds and co-invest vehicles
"Awards"	the LTIP Awards, DBP Awards and MSP Awards
"BEPS"	Base Erosion and Profit Shifting
"Board"	the board of directors of the Company
"BofA Merrill Lynch"	Merrill Lynch International
"Borrowers"	the borrowers under the New Credit Facilities, namely ConvaTec Inc., ConvaTec Healthcare D S.à r.l., ConvaTec Limited and ConvaTec Holdings U.K. Limited
"Brexit"	a common reference to the United Kingdom leaving the EU as a result of the referendum in the United Kingdom on 23 June 2016 in which a majority of UK voters voted to exit the EU

"BSI"	British Standards Institution
"CAGR"	compound annual growth rate
"CFI"	ConvaTec Finance International S.A.
"CISA"	the Swiss Federal Act on Collective Investment Schemes
"City Code"	the City Code on Takeovers and Mergers
"CMS"	Centers for Medicare and Medicaid
"Co-lead Managers"	Peel Hunt and RBC Capital Markets
"Collateral Agent"	Wilmington Trust (London) Limited
"Company"	ConvaTec Group Plc
"ConvaTec A"	ConvaTec Healthcare A S.à r.l.
"ConvaTec B"	ConvaTec Healthcare B S.à r.l.
"Credit Facilities Agreement"	the credit facilities agreement dated 25 October 2016 consisting of the New Credit Facilities
"Credit Suisse"	Credit Suisse Securities (Europe) Limited
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK and Ireland Limited is the operator
"CSR"	corporate social responsbility
"DBP"	the ConvaTec Group Plc 2016 Deferred Bonus Plan
"DBP Awards"	grants of awards or nil-cost options over Shares and also cash settled phantom awards
"Deutsche Bank"	Deutsche Bank AG, London Branch
"DFSA"	Dubai Financial Services Authority
"Directors"	the Executive Directors, the Non-Executive Directors and the Proposed Directors
"Dividend Equivalent"	an Award granted on the basis that it carries a right to receive the value of ordinary dividends that would have been attributable to the number of Shares under the Award, had those Shares been vested on the dividend record dates occurring during the vesting period
"DPA"	Data Protection Act 1998
"DRG"	Division Resources Group
"EBT"	the ConvaTec Group Plc Employee Benefit Trust
"EC"	the European Commission
"EEA"	the European Economic Area
"EMEA"	Europe, the Middle East and Africa
"ERISA"	the US Employee Retirement Income Security Act of 1974
"Espicom"	Espicom Business Intelligence
"EU"	the European Union
"EURIBOR"	the Euro Interbank Offered Rate
"Executive Directors"	the executive Directors of the Company
"Existing Credit Facilities"	the Group's existing term loan and revolving credit facilities, namely the Existing Term Loan Facilities and the Existing Revolving Credit Facility

"Existing Revolving Credit Facility"	the Group's existing $200 million revolving credit facility
"Existing Senior Notes"	the Senior Dollar Notes and Senior Euro Notes
"Existing Senior Notes Indenture"	the indenture governing the Existing Senior Notes
"Existing Shares"	8,623,885 Shares to be sold as part of the Offer by the Selling Shareholders (excluding, for the avoidance of doubt, the Overallotment Shares)
"Existing Term Loan Facilities"	the Group's existing $800 million term loans and €755 million term loans
"FCA"	the Financial Conduct Authority
"Financial Adviser"	Evercore Partners International LLP
"FMI"	Future Market Insights
"Forfeit Mechanism"	a forfeiture arrangement with the EBT in relation to certain of the Shares Management Shareholders will hold (through ConvaTec Management Holdings Limited) following the exchange of units held under the Management Equity Plan on Admission
"Forfeit Period"	a specified period following the date of Admission within which an individual gives notice to terminate his or her contract of employment other than for good reason or an individual is dismissed for cause, thereby triggering a Termination Event
"FSMA"	the Financial Services and Markets Act 2000, as amended
"GERS"	Groupement pour l'Élaboration et la Réalisation de Statistiques
"GHX"	Global Health Exchange
"GIA"	Global Industry Analysts, Inc.
"Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
"Group"	Cidron Healthcare Limited and its subsidiaries and subsidiary undertakings prior to the Reorganisation and, upon the Reorganisation taking effect, the Company and its subsidiaries and subsidiary undertakings
"Group EBITDA"	the net (loss) profit for the period and/or year before income tax expense (benefit), other (income) expense, net, finance costs, and depreciation and amortisation
"Guarantors"	the wholly-owned subsidiaries of the Group and borrowers as named in the Credit Facilities Agreement
"HMRC"	HM Revenue and Customs
"IDF"	International Diabetes Federation
"IFRS"	International Financial Reporting Standards, as adopted by the European Union
"Incremental Amount"	an amount equal to all voluntary prepayments or repurchases under the Term Loan Facilities and voluntary prepayments under the Revolving Credit Facility
"Incremental Facilities"	the Incremental Revolving Credit Facilities, the Incremental Term Facilities and the New Incremental Notes

"Incremental Revolving Credit Facilities"	the incremental revolving credit facilities provided for under the Credit Facilities Agreement
"Incremental Term Facilities"	the incremental term facilities provided for under the Credit Facilities Agreement
"Joint Bookrunners"	BofA Merrill Lynch, Goldman Sachs International, UBS Investment Bank, Credit Suisse, Deutsche Bank, J.P. Morgan Cazenove and Morgan Stanley
"Joint Global Coordinators"	BofA Merrill Lynch, Goldman Sachs International and UBS Investment Bank
"J.P. Morgan Cazenove"	J.P. Morgan Securities plc
"Lenders"	the initial lenders under the New Credit Facilities
"LIBOR"	the London Interbank Offered Rate
"Listing Rules"	the listing rules of the FCA made under section 74(4) of the FSMA
"London Stock Exchange"	London Stock Exchange plc
"LTIP"	the ConvaTec Group Plc 2016 Long-Term Plan
"LTIP Awards"	grants of awards over the Shares in the form of performance share awards, restricted share awards, share options, forfeitable shares, and also cash settled phantom awards
"Management Equity Plan"	the management equity arrangements, including the terms of the Agreement of Limited Partnership of Cidron Healthcare MIV 2, LP dated 24 October 2008 (as amended from time to time), pursuant to which certain members of management of the Group hold units in Cidron Healthcare MIV 2, LP
"Management Shareholders"	the Executive Directors, the Senior Managers and other senior employees and former employees of the Group that currently hold interests in Cidron Healthcare MIV 2, LP, a Delaware limited partnership that will, pursuant to the terms of the Reorganisation Agreement be exchanged for Shares in the Company in the Reorganisation
"Market Abuse Regulations"	the Market Abuse Regulation 596/2014 of the European Parliament and of the Council, which came into force in the United Kingdom on 3 July 2016
"MDD"	the EU Medical Device Directive
"Medtronic"	Medtronic MiniMed, Inc.
"MIP"	the Group's Margin Improvement Programme, commenced in the fourth quarter of 2015 to increase efficiencies in its manufacturing and distribution cost base
"MIVs"	MIV 1, MIV 2 and MIV 3, collectively
"MIV 1"	Cidron Healthcare MIV 1, LP, a Delaware limited partnership
"MIV 2"	Cidron Healthcare MIV 2, LP, a Delaware limited partnership
"MIV 3"	Cidron Healthcare MIV 3, LP, a Delaware limited partnership
"Morgan Stanley"	Morgan Stanley & Co. International plc
"MSP"	the ConvaTec Group Plc 2016 Matching Share Plan
"MSP Awards"	grants of awards over Shares in the form of restricted share awards, share options, forfeitable shares, and also cash settled phantom awards

"New Credit Facilities"	the Group's new term loan and revolving credit facilities, namely the Term Loan Facilities and the Revolving Credit Facility
"New Incremental Notes"	the senior secured, senior unsecured, senior subordinated or subordinated notes provided for under the Credit Facilities Agreement
"New Share Plan"	the LTIP, DBP and MSP
"New Shares"	new Shares in the Company to be allotted and issued as part of the Offer
"New Substantial Shareholder"	an entity that, pursuant to the terms of the Relationship Agreement, acquires more than 15 per cent. of the Shares from Nordic Capital and Avista
"New Substantial Shareholder Director"	a Non-executive Director of a New Substantial Shareholder appointed as such pursuant to the Relationship Agreement
"Non-Executive Directors"	the non-executive Directors of the Company
"Nordic Capital"	Nordic Capital VI Alpha, L.P. and Nordic Capital VI Beta, L.P., for which Nordic Capital VI Limited acts as General Partner and Nordic Capital VII Alpha, L.P. and Nordic Capital VII Beta, L.P., for which Nordic Capital VII Limited acts as General Partner, together with associated co-investment vehicles
"NPC"	new patient capture
"Offer"	the issue of New Shares by the Company and the sale of Existing Shares by the Selling Shareholders described in Part 14 (Details of the Offer)
"Offer Price"	the price at which each Share is to be issued or sold pursuant to the Offer
"Official List"	the Official List of the FCA
"Overallotment Option"	the option granted to the Stabilising Manager by the Principal Shareholders to purchase, or procure purchasers for, up to 98,960,249 additional Shares as more particularly described in Part 14 (Details of the Offer)
"Overallotment Shares"	the Shares the subject of the Overallotment Option
"PCAOB"	the Public Company Accounting Oversight Board (United States)
"PECs"	preferred equity certificates issued by ConvaTec A
"PECR"	Privacy and Electronic Communications (EC Directive) Regulations 2003
"Peel Hunt"	Peel Hunt LLP
"PIK Notes"	the Group's $900 million 8.25 per cent. / 9.00 per cent. Senior PIK/ Toggle Notes due 2019, issued by ConvaTec Finance International S.A. on 12 August 2013
"PIK Notes Indenture"	the indenture governing the PIK Notes
"PIK Payment"	the increase by CFI of the outstanding principal amount of the PIK Notes or the issuance of additional PIK Notes under the PIK Notes Indenture having the same terms as the existing PIK Notes, if CFI is entitled to pay PIK interest in respect of the PIK Notes
"PP&E"	property, plant and equipment

"Principal Shareholder-Appointed Non-Executive Directors"	Kunal Pandit, Raj Shah and Thomas Vetander
"Principal Shareholders"	the companies ultimately owned by Nordic Capital and limited liability companies and limited partnerships managed by Avista that hold Shares
"Proposed Directors"	Sir Christopher Gent, Steve Holliday, Rick Anderson and Jesper Ovesen, who will become directors of the Company with effect from Admission
"Prospectus"	the final prospectus approved by the FCA as a prospectus prepared in accordance with the Prospectus Rules made under section 73A of the FSMA
"Prospectus Directive"	Directive 2003/71/EC and amendments thereto, including any relevant implementing measure in each Relevant Member State.
"QSR"	US Quality System Regulation
"qualified institutional buyers" or "QIBs"	has the meaning given by Rule 144A
"Qualified Investors"	persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive
"RBC Capital Markets"	RBC Europe Limited, trading as RBC Capital Markets
"Registrars"	Computershare Investor Services PLC
"Regulation S"	Regulation S under the US Securities Act
"Relationship Agreement"	the relationship agreement entered into between the Company and the Principal Shareholders as described in Part 7 (Directors, Senior Managers and Corporate Governance)
"Relevant Provinces"	British Columbia, Alberta, Ontario, Quebec, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador
"Reorganisation"	the reorganisation of the Group in preparation for the Offer as described in paragraph 1.16 of Part 15 (Additional Information Reorganisation)
"Reorganisation Agreement"	the agreement entered into on 30 September 2016, as amended from time to time, by the parties described in paragraph 1.16 of Part 15 (Additional Information)
"Revolving Credit Facility"	the Group's new $200.0 million revolving credit facility
"Rule 144A"	Rule 144A under the US Securities Act
"SDRT"	stamp duty reserve tax
"Selling Shareholders"	ConvaTec Management Holdings Limited, which holds Shares on behalf of the Management Shareholders
"Senior Dollar Notes"	the Group's $745 million 10.5 per cent. senior notes due 2018, issued by ConvaTec Healthcare E S.A. on 22 December 2010
"Senior Euro Notes"	the Group's €250 million 10.875 per cent. senior notes due 2018, issued by ConvaTec Healthcare E S.A. on 22 December 2010
"Senior Managers"	those individuals identified as such in Part 8 (Directors, Senior Managers and Corporate Governance)
"SFA"	the Securities and Futures Act, Cap. 289 of Singapore
"Shareholders"	the holders of Shares in the capital of the Company

"Shares"	the ordinary shares of the Company, having the rights set out in the Articles
"SIX"	SIX Swiss Exchange
"Sponsor"	UBS Investment Bank
"Stabilising Manager"	Goldman Sachs International
"Term A Loan Facilities"	the Group's new term A loans denominated in US dollars and/or euros
"Term B Loan Facility"	the Group's new term B loans
"Term Loan Facilities"	the Term A Loan Facilities and the Term B Loan Facility
"Termination Event"	the giving of notice by an individual to terminate his or her contract of employment other than for good reason or the dismissal of an individual for cause
"Transition Awards"	one-off awards under the LTIP granted the Executive Directors, the Senior Managers and certain other senior employees on or as soon as practicable after Admission
"UBS Investment Bank"	UBS Limited
"UK Bribery Act"	the UK Bribery Act 2010
"Underwriters"	BofA Merrill Lynch, Goldman Sachs International, UBS Investment Bank, Credit Suisse (One Cabot Square, London E14 4QJ), Deutsche Bank (Winchester House, 1 Great Winchester Street, London EC2N 2DB), J.P. Morgan Cazenove (25 Bank Street, Canary Wharf, London E14 5JP), Morgan Stanley (25 Cabot Square, London E14 4QA), Peel Hunt LLP (Moor House, 120 London Wall London EC2Y 5ET) and RBC Europe Limited, trading as RBC Capital Markets (Riverbank House, 2 Swan Lane, London EC4R 3BF)
"Underwriting Agreement"	the underwriting agreement entered into between the Company, the Directors, the Principal Shareholders, ConvaTec Management Holdings Limited and the Underwriters described in paragraph 7.1 of Part 15 (Additional Information)
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
"US Exchange Act"	United States Securities Exchange Act of 1934, as amended
"US GAAP"	accounting principles generally accepted in the United States
"US GAAS"	auditing standards generally accepted in the United States
"US Securities Act"	United States Securities Act of 1933, as amended
"WHO"	World Health Organisation

Glossary

The following technical terms (or variations thereof) apply throughout this Prospectus unless the context requires otherwise:

"Abdo-Pressure" and "AbViser"	ConvaTec brands of intra-abdominal pressure management devices
"ACA"	the Affordable Care Act (also known as ObamaCare)
"acute fecal incontinence" or "AFI"	also known as encopresis or soiling, and refers to the temporary involuntary passage of stool in adults or children, which occurs in the critical care setting and is most prevalent in ICUs, burn units, hospices and long-term care facilities
"acute wound"	typically a surgical incision or traumatic wound whose causation is acute
"Adhesive Coupling Technology".	ConvaTec brand of proprietary adhesive fastening technology to connect the pouch to the skin barrier in a low profile design without a raised "snap on" ring; utilised by the ESTEEM synergy Two-Piece Ostomy System
"Advanced Wound Care"	a market franchise of the Group, which includes dressings, pastes, gels as well as off-loading, compression and negative pressure therapy devices that promote wound healing by a variety of methods (depending on the product) including effectively managing wound exudate, keeping the wound moist in an occlusive or semi-occlusive environment, protecting the wound, managing infection, improving circulation and so forth
"Advanced Wound Care Market"	includes advanced dressings (alginates and Hydrofibers, contact layers, hydrogels and super absorbents, silver/ antimicrobials, hydrocolloids and foam), biologics and NPWT
"Aloe Vesta"	ConvaTec brand of skin care product
"AQUACEL"	ConvaTec brand range of advanced wound dressings, utilising Hydrofiber Technology
"AQUACEL Ag"	ConvaTec brand range of silver-based antimicrobial advanced wound dressings, utilising Hydrofiber Technology
"CCC Market"	includes United States and Europe intermittent catheter and fecal management market
"CE mark"	European regulatory marking to signify compliance with applicable regulatory standards
"channel partners"	distribution outlets for the Group, including distributors, wholesalers, hospital buying companies and group purchasing organisations
"chronic wound"	complex wounds that are caused by repeated insults which do not heal rapidly in the absence of interventional therapies, and which include pressure, venous, arterial, and diabetic foot ulcers
"closed-end pouches"	pouches collecting fecal output typically used as one-time disposable pouches for patients with formed to semi-formed stool
"CMS"	Centers for Medicare and Medicaid Services, an agency of the US Department of Health and Human Services

"colorectal cancer"	also known as colon/rectal cancer or bowel cancer, the surgery for which may result in the creation of a stoma
"colostomy"	the ostomy procedure in which the colon or the rectum is brought through the abdominal wall to allow for the passage of faeces
"Comfort"	ConvaTec brand for insulin pump therapy tailored for specific patient needs
"Continence and Critical Care" or "CCC"	a market franchise of the Group
"ConvaTec Moldable Technology"	ConvaTec brand for proprietary technology allowing for the skin barrier opening to be "moulded" by hand (rather than cut with scissors) to customise the shape of the barrier for a patient's unique stoma characteristics
"conventional wound care"	generally involves products that provide "dry" healing if used as a primary dressing, or are supplementary to a primary moist wound healing product (serving as a secondary dressing to hold the primary dressing in place and/or absorb excess exudate). Examples include dressings such as gauze and bandages, and fixation products such as adhesive strips and tapes
"Diamonds gelling sachets"	ConvaTec brand accessory product for the Group's pouch systems that solidifies liquid content and reduces or eliminates excess gas
"DMEPOS"	durable medical equipment, prosthetics, orthotics and supplies
"DOJ"	the US Department of Justice
"drainable pouches"	ostomy pouches possessing an opening at the bottom of the pouch for more frequent draining of liquid stool or urine; closed with either a clip or a Velcro-like integrated closure called InvisiClose
"DuoDERM"	ConvaTec brand of hydrocolloid dressing that provides a moist wound healing environment and self-adheres to the skin through ConvaTec's patented Durahesive Technology
"Durafiber"	ConvaTec brand for gelling fibre dressing used in wound management
"Durahesive"	ConvaTec brand for proprietary skin adhesion technology with optimised properties to allow for longer-term adhesion (5–7 days)
"effluent"	effluent generally refers to the faeces or urine coming out of the body through an artificial opening such as a stoma
"Electrodes business"	divested hospital care business that produced general health monitoring devices comprised of a lead (for conduction of electrical current), a metal electrode, and electrode-conducting paste or gel for surface electrodes
"ESTEEM"	ConvaTec brand for a One-Piece Ostomy System, closed-end or drainable pouch, with upgraded features similar to those found on two-piece systems
"ESTEEM synergy".	ConvaTec brand for a Two-Piece Ostomy System employing the patented Adhesive Coupling Technology that allows for a low profile and flexibility typical of a one-piece system. This system also offers closed-end, drainable and urostomy pouches

"exudate"	fluid, cells or cellular debris that has filtered from the circulatory system into a lesion or area of inflammation and deposited in tissues or on tissue surfaces and leaking out of the wound
"FDA"	United States Food and Drug Administration
"Field Safety notification"	a notification by the FDA or other regulatory authority of product safety, such as a recall notice being issued
"Flexi-Seal Fecal Management System" or "FMS"	ConvaTec brand range of fecal containment devices designed to safely and effectively contain and divert liquid fecal matter to protect patients' wounds from fecal contamination and reduce risk of skin breakdown and the spread of infection
"foam"	typically, polyurethane-based dressing with foam-like feel used for wounds with moderate to heavy exudate
"Global Science & Innovation"	a division of the Group that strives to optimise the life cycle of innovative products in the Group's existing portfolio by enhancing features and leveraging technologies across its market franchises
"GPO"	group purchasing organisations
"HITECH"	the US Health Information Technology and Clinical Health Act
"HIPAA"	the US Health Insurance Portability and Accountability Act of 1996
"Hospital Care"	a portfolio within the CCC market franchise that provides a wide range of high-quality disposable medical devices for use in high-volume procedures in urology, intensive care, operating rooms and other hospital departments
"hydrocolloid"	dressing containing a polymeric hydrocolloid material which dissolves, gels, swells (or exhibits some combination of these actions) upon interaction with water to provide a moist wound healing environment. Hydrocolloid dressings are typically used for wounds with light to moderate exudates
"Hydrofiber Technology"	ConvaTec brand for proprietary technology based on the unique gelling properties of Hydrofiber materials; serves as the basis of the AQUACEL, AQUACEL Ag, and Versiva XC franchises
"ICU"	intensive care unit
"IDNs"	integrated delivery networks
"Infusion Devices"	a market franchise of the Group that provides disposable infusion sets to manufacturers of insulin pumps for diabetes and other similar pumps, as well as supplying a range of products directly to hospitals and the home healthcare sector
"Infusion Devices Market"	refers to market for disposables for insulin infusion pumps when in reference to market size and refers to the insulin pump market when in reference to market growth
"InSet"	ConvaTec brand for insulin pump therapy product tailored for specific patient needs
"ISC"	intermittent self-catheterisation
"InvisiClose"	velcro-like integrated closure utilised in drainable ostomy pouches

"key opinion leader"	a medical industry term that refers to physicians who influence their peers' medical practice
"LEAN manufacturing"	manufacturing processes and workflows that focus on standardisation of metrics, monitoring frequency and training, as well as application of specific tools in the manufacturing environment focused on continuous improvement, use of inventory-control systems, analysis of waste sources and improvements to overall equipment effectiveness
"Medicaid"	a social healthcare programme for families and individuals with low income and limited resources in the United States, administered by the US federal government
"Medicare"	a national social insurance programme in the United States, administered by the US federal government
"Natura"	ConvaTec brand for a two-piece ostomy system featuring skin-friendly and clinically-proven adhesives
"NicoFix Securement Device"	a sterile device for short-term securement of peripheral lines intended for single use only
"NHS"	the United Kingdom's National Health Service
"NPWT"	negative pressure wound therapy
"One-Piece Ostomy System"	a system that combines as a single, integrated unit the skin barrier surrounding the stoma and the pouch collecting the effluent
"ostomy"	a surgical procedure in which an opening for the passage of faeces or urine is created through the abdominal wall in patients with decreased small intestine, colon, rectum or bladder function
"Ostomysecrets"	ConvaTec brand of clothing line to conceal and support ostomy bags
"Ostomy Care"	a market franchise of the Group
"Ostomy Care Market"	includes accessories (pouches/bags, deodorants and skin barriers) but excludes irrigation products
"P-Cap Connector"	ConvaTec brand of accessory used with Medtronic insulin infusion pumps in diabetes care
"pre-market approval" or "PMA"	regulatory clearance to market a medical device; usually reserved for higher-risk, Class III devices. The FDA will approve a PMA application if the application is found to have reasonable assurance that the device is safe and effective for its intended purpose
"pre-market clearance under 510(k)"	regulatory process requiring the device be deemed as safe and effective as, or substantially equivalent to, a legally marketed device that is not subject to pre-market approval (i.e. the "predicate" device)
"Sensi-Care"	ConvaTec brand of skin care product
"Silhouette"	ConvaTec brand of product for insulin pump therapy tailored for specific patient needs

"skin barrier (wafer)"	the adhesive-backed barrier connecting to the ostomy pouch in either an integrated unit (one-piece ostomy system) or as a separate piece (two-piece ostomy system), which serves to secure the pouch to the body and surround the stoma opening, protecting the skin around the stoma from toxic effluent
"stoma"	the end of a shortened intestine that is surgically brought to and protrudes slightly from the abdominal surface in an ostomy procedure; the stoma lacks both sensation and sphincter control, hence preventing the patient from controlling the intestinal effluent
"Stomahesive"	ConvaTec brand of proprietary skin adhesion technology for shorter-term adhesion properties (i.e. 2–4 days)
"Sub Q"	ConvaTec brand of steel cannula infusion set devices
"SUR-FIT Natura pouch system"	ConvaTec's high-performance two-piece ostomy system that attaches via a plastic coupling mechanism that is snapped together, providing an audible click to let the user know it is secure. Compatible with ConvaTec Moldable Technology skin barriers, this system also offers closed-end, drainable and urostomy pouches
"Sure-T"	ConvaTec brand range for insulin pump therapy products
"Two-Piece Ostomy System"	ConvaTec proprietary two-piece ostomy system; includes both closed-end, drainable and urostomy pouches
"UnoMeter"	ConvaTec brand of hourly diuresis management system monitoring intra-abdominal pressure
"urostomy"	a surgically created opening in the abdominal wall to divert urine to the exterior. This can be done by either diverting, using a part of the urinary tract or via a loop of the ileum
"urostomy pouches"	ostomy pouches collecting urine only, and which possess a special valve or spout which adapts to either a leg bag or night drain tube for overnight urine collection
"Versiva XC"	ConvaTec brand of proprietary "gelling" foam wound dressing utilising Hydrofiber Technology

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