Convatec H1 2026 Results

Tuesday, 4th August 2026

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Introduction

Jonny Mason

CEO, Convatec Group

Okay. Good morning, everybody. Nice to see you. Welcome to Convatec's first half of 2026 results announcements. The usual disclaimers apply.

And today, we're going to follow the normal format, which is that I'll give a few words of introduction, Fiona will talk you through the performance, financial, and outlook, and then I'll update on strategic progress before we'll be happy to take any questions that you've got.

Convatec: CMD recap

Let's start with a quick recap from the Capital Markets Day just back in April. These were the three things we suggested should be the key takeaways. We operate in large and growing markets with leading positions. We're focused on four chronic care categories, which leads to a high proportion of recurring revenue.

Convatec's a strong and resilient business. We're delivering broad-based growth, and we've got a track record of operational improvements, which increase profitability. And then the growth opportunity is substantial. We have new products launching across all of those four categories, which means that we will grow ahead of those growing markets. And there's more to come, as you'll hear today.

The Convatec flywheel

Those structurally growing markets with the leading positions and the recurring revenue, with our new products launching, that all drives the ConvaTec flywheel. And that's what leads to the sustainable level of growth at 6% to 8% for organic revenue and double digits for EPS every year starting from next year.

And at an operating margin of mid-20s, the cash generation is strong. And that will enable us to invest organically in opex and capex to sustain the growth, to grow the dividend in line with earnings, and there will be further capital available to increase returns for shareholders.

On-track delivery, confirming guidance

So that's what we said in April. And I'm pleased to say that from the first half of this year, we are on track. We said that faster sales growth would start in 2027, and that 2026 would be second half-weighted, and that is still how we see it.

In the first half of 2026, revenue growth was good. It was right on track. But in the second half it will be faster for good reasons, and we'll get into that.

In the first half, operationally and strategically, our delivery was strong. Our new products are launching and winning market share. We are investing across all our four categories in increasing demand – in increasing capacity, excuse me, to meet the rising demand, and that's especially in Infusion Care.

We made good progress on our simplification and productivity initiatives, and that's what improves cost efficiency and drives operating margin improvement. And we're confirming today that we still expect to reach at least 23% in FY'26. And that will lead to double-digit EPS growth, the third year in a row of double-digit EPS growth, with strong cash conversion, enough for the increase in growth capex that we're deploying this year and to increase the dividend. And we're announcing today a share buyback of $200 million. All of that within our target leverage ratio of 2 times EBITDA.

And then we're also confirming today that we are on track to deliver our medium-term targets, which were set out in the Accelerate strategy.

Accelerating from H2 2026

So H2 then. Accelerating. The sales will grow faster in H2, principally because of Infusion Care. And there, we have high visibility of customer orders. They are uneven but not unpredictable, and demand is strong. And we also have new products launching in Wound Care and in Ostomy Care. That's ConvaFoam and Esteem Body, respectively. And so the growth will build slowly through the year.

And in Continence Care, we expect the growth from H1 to continue into H2, supported by the expansion of GC Air for Women and the international growth. So we're on track to deliver our FY'26 organic revenue guidance. And today, we're narrowing the range, which means that for the second half of the year, growth will be between 6% and 8%.

And then for 2027, we are on track to reach mid-20s in operating margin and for the faster growth rates of 6% to 8% in sales and double-digit EPS for each year thereafter.

We'll get into all of that. But for now, let me hand you over to Fiona. I'll come back shortly.

Financial Review H1 2026

Fiona Ryder

CFO, Convatec Group

H1 26: good performance, on track for FY26

Thank you. Good morning, everybody. So I will present a summary of our first half performance, plus the outlook for the full year before handing back to Jonny for the strategic review.

We are pleased to report another good financial performance, and we are on track for our full-year targets. Organic revenue growth, excluding InnovaMatrix, which I'll talk about shortly, was 5%, in line with expectations.

Operating margin was 21.2%, down 10 basis points year-on-year, but up 50 basis points at constant currency. EPS growth was 6%. And we are on track for another year of double-digit EPS growth.

Free cash flow to equity was lower than last year due to timing effects of working capital and capex. We still expect around 100% cash conversion for the year. Our interim dividend grew by 15% as we move towards a one-thirds interim, two-thirds final dividend pattern. We are still targeting a full-year payout ratio of 35% to 45% of adjusted net profit. And in addition, this morning, we announced a $200 million share buyback programme to be completed between now and the year-end.

Broad-based organic revenue growth

Revenue growth was again broad-based across all four categories, as this chart demonstrates, with all four categories contributing materially to sales growth. On the right, you can see the impact of the significant market uncertainty in skin substitutes.

InnovaMatrix sales decreased $37 million year-on-year to $2.5 million in the first half, which represented just over 3% headwind to Group revenue growth. And we now estimate full-year ’26 revenue of between $5 million and $10 million, representing a full-year headwind to Group revenues of about 2.5% and an H2 headwind of about 2%.

As a result of these challenging conditions, we have reduced expectations for the year to between $5 million to $10 million revenue. And as a result, we’ve taken a non-cash impairment of $69 million. This means that InnovaMatrix will not have any material negative impact on our results beyond 2026.

AWC: Growth ahead of market, ConvaFoam building

OC: Esteem Body taking share and ahead of plan

Now let’s look at sales by category, starting with Advanced Wound Care, where sales were up 3.4%, excluding InnovaMatrix.

Overall, markets were a little bit slower than in 2025. And compared with our four-month trading update, May and June were slightly softer. This was due to some phasing of orders in Aquacel, which we expect to pick up in the second half.

Advanced Wound Care growth is expected to build in the second half, supported by further ConvaFoam growth.

In Ostomy Care, organic growth was 4.3%, matching H2 ’25. The highlight was the performance of Esteem Body, our one-piece soft convex pouch, which grew ahead of expectations and is now annualising at around $60 million of revenue and continuing to win share.

Growth was supported by our updated Esenta accessories range, which is now 20% of Ostomy Care revenue. Flexi-Seal, which represented about 10% of Ostomy Care, was down 4%, with fewer intensive care unit procedures due to a less severe flu season than prior year.

We expect Ostomy Care growth to build in the second half, led by Esteem Body scale-up and new patient starts, and we’re starting to see the early flow of new patients from our recent GPO wins.

CC: Good H1 growth and increased Convatec mix

IC: Good H1 growth, as expected; H2 to accelerate

In Continence Care, organic growth of 5.9% was driven by further volume increases in the USA, backed by outstanding customer service and our broadening product portfolio. We saw faster growth in Convatec product, which is now over 60% of our sales, given our improved portfolio of products, and faster growth of hydrophilic product, which again was over 60% of revenue.

This included excellent growth in GentleCath Air for Women, which has more than doubled year-on-year and added 1 percentage point to Continence Care growth. We again grew strongly outside the USA from a low base, and non-US growth contributed over 1 percentage point to the category growth rate.

And then, Infusion Care, where organic growth was 7.4%. There was continued strong demand in diabetes across both longstanding and newer customers, as the penetration of automated insulin delivery over multiple daily injections is increasing.

Outside diabetes, growth was again excellent, high double-digit, led by infusion sets for AbbVie's Parkinson's disease treatment. Other therapies represented over 15% of our Infusion Care revenue, up from about 10% in 2024, with scope to grow further as a share of the category.

We have a strong position in Infusion Care, with increasing diversity across customers and products. We expect growth to accelerate in the second half based on visible customer orders, with double-digit growth in the second half, driving high-single-digit growth for full-year '26.

H1 26 operating margin: further productivity gains

Moving on to profitability. Operating margin decreased by 10 basis points, but increased by 50 basis points in constant currency. Operations productivity and price and mix improvements more than offset inflation.

The drop in InnovaMatrix caused 140 basis points drag to operating margin in the first half. Simplification and productivity initiatives continue to deliver, with commercial and G&A efficiency adding a further 130 basis points.

Overall, in the first half, opex decreased by 70 basis points as a percentage of revenue to 38.2%. Currency represented a 60 basis points headwind, which is expected to moderate to 40 basis points for the full year based on current spot prices.

H2 operating margin underpinned by higher revenues and strategic initiatives

This slide shows the bridge to higher margin in H2 as part of our at least 23% margin guidance. This will be driven by four areas. Our H2 revenue is materially higher than H1, as it has been in previous years. This is driven by customer buying activity and four additional trading days in the second half versus the first half, which was the same in 2025.

Given that operating expenses are broadly spread throughout the year, this drives an H2 margin versus H1 of over 200 basis points.

We also have Infusion Care phasing. In the full-year 2026, Infusion Care sales are weighted towards the second half. This has a positive operational leverage and margin mix effect and explains a further 50 basis points.

Combined, these factors drive around about 260 basis points margin uplift versus the first half. For InnovaMatrix, the operating margin drag is lower in the second half '26. This drives about 40 basis points uplift versus H1.

Lastly, in the second half, there will be further benefits of operational productivity initiatives started in H2 '25 and H1 '26, including automation, strategic sourcing, and debottlenecking, and this is coupled with specific organisational simplification. These initiatives offset inflation and are expected to deliver about 80 basis points margin uplift versus H1.

Medium term: on track to deliver mid-20s adjusted operating margin by 2027

This slide shows our margin history, plus a bridge to our mid-term guide of mid-20s margin. We are on track to deliver this in 2027, driven by a continuation of our productivity initiatives, leverage from 6% to 8% revenue growth, and further opex efficiencies. This is achievable with inflation at prevailing price levels.

On track for third year of double-digit EPS growth

FY26 EPS growth driven by M/HSD % operating profit growth, lower tax & lower average share count

Turning to EPS. We are on track for another year of double-digit EPS growth. EPS grew 6% in the first half and will accelerate in the second half as we benefit from lower interest rates following our recent refinancing and a lower number of shares in issue following our $300 million buyback in the second half 2025.

On track for 100% FCFE conversion in FY26, H2 WC inflow expected; capex H1 weighted

On cash, consistent with normal seasonality, net debt increased in the first half. Our capex programme is advancing well and was first-half weighted. I shall come back to this shortly. Working capital was higher than the prior year, predominantly due to timing, slightly higher inventory, timing and mix of trade receivables and payables, and some timing of other accruals that build through the year.

We expect working capital flow to reverse in the second half, as it does each year. And as such, we continue to expect around about 100% free cash flow to equity conversion in full-year ’26.

Leverage was 2.3 times at the half year. As you can see on the right-hand side of this chart, it is usual for leverage to be higher at the half year. Last year was an exception. We expect to be at about 2 times leverage at the year-end, inclusive of the $200 million share buyback announced earlier today.

Step up in growth capex; FY guidance unchanged

As you know, we are currently investing significantly to expand capacity to read – to meet rising market demand. This slide gives some color on the movement year-over-year and the areas that we are investing in.

We have been busy in the first half with capex H1 weighted. Our full year guidance is unchanged. The largest component of the $90 million growth capex was for Infusion Care, where we are adding significant capacity, in many cases, backed by long-term contracts.

Some new Infusion Care capacity will come on stream later this year, with significantly more in 2027 and beyond. Elsewhere, we are investing to support launches in Advanced Wound Care, Ostomy Care, and Continence Care, and we expect this growth capex to be accretive to Group returns.

Operational capex was also H1 weighted, including some IT projects which have now completed. We continue to expect operational capex to be about 2.5% of revenue for the year.

On track to deliver FY’26 guidance

We are confirming our guidance for full-year ’26. And here’s a summary to help you model. On operating margin, we continue to expect to reach at least 23%, inclusive of InnovaMatrix headwinds of about 80 basis points for the full year, and FX headwinds of about 40 basis points.

I would also like to draw your attention to the fact that the legacy Bristol Myers Squibb amortisation charge ended last month in July, and that was over $95 million annually. And so going forward, that will significantly reduce the difference between our reported and our adjusted financials.

Financial Summary

In conclusion, we saw a further good financial performance in the first half, and we are on track to hit our targets. We are investing to underpin faster future growth and returning capital to our shareholders.

Thank you. I will hand back to Jonny.

Strategic Update

Jonny Mason

CEO, Convatec Group

Four chronic care categories in attractive, structurally growing markets

Thank you very much. So I'll now say a few words about how we're getting on implementing the strategy. And just as a recap, we are very focused in four chronic care categories. And each one of those is growing because the population is increasing, the population's aging, and the prevalence of the diseases which cause the conditions we support is increasing.

Because of the chronic nature of these conditions, it leads to a very high level of recurring revenue, and that's a solid and durable foundation for long-term growth.

Accelerate will deliver above-market growth

Now, in each of those categories, we're going to grow faster than the market by implementing our Accelerate strategy. Customer growth will be focused, identifying and satisfying unmet needs. We'll be investing in R&D to innovate and continue to launch more products. More on that later in a moment.

We'll be very focused on execution, cross-functional collaboration, seamless delivery across the organisation to support the faster growth. And all of this will be underpinned by a strong culture in the organisation: purpose-led, performance-driven.

You can see on the right of this chart the growth rates for each of the categories. Same as we announced at the Capital Markets Day. They combine to deliver the faster growth rate at Group level of 6% to 8% per annum on an ongoing basis.

We have delivered a lot in H1, building to Accelerate

Now, we have been busy in the first half. Wave 1 products are scaling up. Wave 2 products are progressing well through their launch processes and building on lessons from Wave 1, we are going at a faster cadence. We are investing in all four categories.

Organic investment in both opex and capex is our top cash allocation priority. And that is, as I say, building capex – building capacity to support faster growth. We're strengthening the quality in everything we do with an emphasis on right first time. This is cross-functional seamless delivery to support the faster growth.

And we're making good progress on remediating the FDA's observations regarding our quality management system. We're scaling technology. We're scaling enterprise AI. We're embedding agentic AI and Copilot across commercial, supply chain operations, financial, which leads to faster decision-making and measurable productivity improvements.

Simplifying the operating model. Outside of North America and Europe, we've been delayering, which allows for faster decision-making and reduced opex. And we will also be opening our fourth Convatec Business Services center later this year in India, in Hyderabad, which will focus on technology and innovation.

And then we are strengthening the leadership team. Again, this is with a focus on cross-functional collaboration and delivery of our faster growth.

Wave 1 launches all scaling successfully, except InnovaMatrix. Added over half of H1 growth

These are our Wave 1 products, and they're scaling successfully and adding over half of the organic growth in the first half. Launched between 2022 and 2025, they provide strong evidence that our innovation model is working, and that we could successfully bring new products to market and scale them.

All of these products are in the market and scaling up, except for InnovaMatrix. Now Fiona spoke a bit about InnovaMatrix just now. The first half was very challenging. The diabetic foot market – foot ulcer market in particular in the physician's office is basically frozen at the moment.

Important point is that this technology works for patients. The feedback and the evidence we've got is strong, and we expect sales will start to increase slowly in the second half and that 2026 will be the low point with further growth from 2027, but from a very small base.

And going forward, this is going to be just one of our 16 new products contributing to the 6% to 8% growth at Group level. It won't be reported separately, and it will no longer be a distraction.

From this – for the rest of the list, products such as Mio Advance Extended Wear, ConvaFoam, infusion sets for diabetes and for Parkinson's therapies, GentleCath Air and Esteem Body are scaling well and are gaining market share.

Wave 2 launches progressing

Here are the wave 2 launches, and they're progressing well. We're securing regulatory approvals, building manufacturing, generating clinical evidence, establishing reimbursement pathways, and ensuring commercial readiness.

Products are advancing in line with our plans. We've got a little key here in the middle of the chart, these balls, to show the approximate status of each of the launches. ConvaNiox, ConvaFiber, and ConvaVAC are in limited market release and customer evaluation.

Cure Aqua, GC Air Pocket & Set are scheduled for launch later this year. The infusion sets for Tanabe Pharma and for Supernus Parkinson's treatments are ready to go, pending some customer approvals. And Natura Body is on schedule for launch next year.

Flexi-Seal Air has been delayed into next year, originally targeted this year, but that's to accommodate for some refinements in design following customer evaluation.

Listen, I hope you get a sense from these two slides that there is a lot going on. This is more than Convatec has ever tried to launch previously, and it's going really well.

ConvaNiox: Creating a new product category

Now, I wanted to share a bit more on two of the products in wave 2, starting with ConvaNiox. Here, we're creating an entirely new category in wound care through a multimodal dressing designed to address multiple barriers to healing simultaneously. The initial focus is diabetic foot ulcers, where the unmet need is substantial.

Around 16.5 million patients are diagnosed each year, with many wounds failing to heal and leading to significant costs for the healthcare systems of the order of $10 billion. We have strong clinical evidence that ConvaNiox works better than the standard of care. The first RCT demonstrated 60% more ulcers healed within 12 weeks and three times faster wound area reduction.

We're continuing to build more evidence with a large US RCT study recruiting ahead of schedule and results due in 2027. We're also seeing early encouraging signs of adoption, supported by regulatory approvals, reimbursement progress, and positive clinician feedback.

Most recently in the UK, we were added to the drug tariff list at a price of £40 per dressing, which is a very strong proof point of superior performance.

Importantly, we see ConvaNiox as a platform opportunity, not a single product, with potential to expand into other wound types, including venous leg ulcers, surgical wound complications, and even into other categories. ConvaNiox will be a strong contributor to growth, not in 2026 or 2027, but we expect it to start to ramp from 2028. And as we've previously said, this has the potential to become our biggest brand.

Parkinson's: Significant IC opportunity

The second area I wanted to say a bit more on is infusion sets for Parkinson's disease. This is an excellent example of diversifying our infusion care category beyond diabetes. Subcutaneous treatment for Parkinson's is a relatively new therapy, but it is a growing market with very low penetration today and a long runway for growth.

In the markets in which we operate, there are four million people with Parkinson's, and regrettably, about a million of those have advanced Parkinson's, requiring continuous treatment.

Today, around 95% of those advanced Parkinson's patients are still treated with oral medication, and only 5% are using pumps. Oral therapies lead to greater fluctuation in dopamine on and off periods and can lead to significant patient discomfort.

Pumps provide better treatment. Breakthroughs like AbbVie's VYALEV, where we are the exclusive supplier of infusion sets, are dramatically improving patient outcomes by automating the Produodopa delivery.

Now, since 2023, pump adoption has grown over 25% CAGR, and we expect it to increase significantly over time. We're now supporting additional therapies, including Tanabe Pharma's and Supernus' new treatment. And this creates a really attractive growth opportunity.

Parkinson's therapies will be a strong underpin of our double-digit growth in Infusion Care going forward.

Three 'waves' of product innovation

Now, as we said at the Capital Markets Day in April, we describe our product innovation in three waves of new products, just for ease of reference. Prior to Wave 1, there were clear gaps in our product portfolio. And the Wave 1 launches between 2022 and 2025 substantially strengthened our competitive position, and those products are now scaling up and delivering growth.

Wave 2 are the products which are starting to launch now in 2026 and in 2027. And building on lessons from Wave 1, they are targeting faster growing segments and being delivered quicker.

Wave 1 and Wave 2 together underpin the acceleration of growth to 6% to 8% for the next plan period. And then we've got Wave 3, which at the moment is in earlier development stage and will deliver growth in later years.

Future innovation: 'Wave 3' highlights

The good news is that these innovations are across all four categories and continuing the theme of broad-based growth. We'll say a bit less about Wave 3 at the moment, for obvious reasons, but it does represent our next horizon of value creation. The strategy is to maximise our internal manufacturing capabilities, to leverage the proprietary science across all four categories and to back it up with clinical validation.

It reflects a deliberate move towards higher growth, stronger differentiation, and attractive new segments, all of which will represent better economics.

You can see in the center box on this slide the ideas that we have to build on our existing capabilities and to deliver new and better solutions for users. Predominantly organic, built on platforms that we have already invested in, but we remain open to external innovation by way of partnership or deals if they would accelerate our roadmap or help us access new technologies. So this is all very exciting and ensures the sustainability of our growth model for years to come.

On track to achieve another year of strong growth and continued margin progression

Now back to 2026. I hope you've heard the message that we are on track for another year of strong growth and margin progression. This will be the fifth consecutive year of sales growth within our current target range of 5% to 7%, excluding InnovaMatrix. It will be the fifth year of operating margin expansion, and it will be the third year of double-digit growth in earnings per share.

Now, as we implement the Accelerate strategy, there is more to come. And we will step up our sales growth range to 6% to 8% from the second half of this year and thereafter, led by double-digit growth in Infusion Care.

We'll reach around 25% operating margin in the second half of this year, and then we will continue in the mid-20s thereafter. We are very focused on execution, on doing the basics better, on simplification and productivity, embedding technology and AI tools across the organisation so that we execute more effectively to accelerate growth.

Summary and outlook

So let me close with three messages. It was a good financial performance in the first half and strong delivery operationally and strategically. Acceleration is going to begin from the second half of this year. We have good visibility on that, and we are confirming today guidance for sales, margin, EPS, and cash for 2026 and for the medium-term targets that we announced previously. And in addition, we're announcing a $200 million share buyback.

And third, product innovation is going well. We're building capacity, which underpins the sustainable growth of 6% to 8% from 2027, and that will compound to lead to ongoing double-digit EPS growth and strong cash flow for shareholders.

Thank you very much. We'll now be happy to take your questions. David, will you coordinate?

Q&A

David Phillips: Sure. Put the mic to Kane at the front, please. If you could hold down the microphone. There's a microphone in the chair. Just hold the button down and ask your question.

Kane Slutzkin (Deutsche Bank): Morning. It's Kane Slutzkin, Deutsche. Just wanted to know, Jonny, could you touch a bit more on the Wound business, relative to where you were at the four months? I think you did say something about May and June was quite soft. Just wondering sort of how should we be viewing that. We've obviously seen a few competitors in recent months with a bit of noise and profit warning. So how should we think about that sort of European piece? And I guess it's not as pivotal, I guess you've kind of always called it out as growth is better elsewhere. But just how should we think about it coming down from sort of mid-single digit 4%? It's now sort of 3%. Yeah. Just any thoughts on that? Thanks.

Jonny Mason: Sure. Look, the markets in Wound Care have been a bit softer in 2026 than they were in 2025, about a point around the globe if you look at SmartTRAK. We're not expecting our Wound Care business to be particularly softer for the rest of the year. In fact, our target growth rate for this year is mid-single digits, and we still expect to achieve that.

May and June was a bit softer than the first four months, but we're not calling out any particular reason for that. And what will build our growth in the second half is ConvaFoam launching stronger. It's one of the areas where we're building more capacity. We expect ConvaFoam to be contributing more and more as the year goes by, and we would still expect to get to mid-single digits for the year.

Kane Slutzkin: Thank you. Just on Infusion Care capacity. I mean, you've spoken, I think sort of even the four-month update demand is sort of outstripping supply. You obviously got the order phasing, which gives you good visibility. I'm just wondering what other sort of execution risk or supply chain risks around that additional capacity that, how sort of nailed on is the double-digit second half or even post '26? Just what could go wrong there? Thanks.

Jonny Mason: Yeah. The new capacity really – there's a bit of it starting to arrive in the second half of 2026, but not much. Most of it is from 2027 onwards. We're not reliant on that additional capacity to deliver double-digit growth in the second half of 2026. For that period, we've got visibility over the orders. We've got the capacity to deliver it. There is less uncertainty, obviously, in the nearer term.

From 2027 onwards, look, we – our projects are going well. They're on target. They're on budget. We're very focused on it. Execution remains, of course, the biggest risk. It has been for years, but it's going well is what I can say, and we are determined to land that new capacity in time to meet the rising demand.

Kane Slutzkin: Great. Thanks. Sorry, just sneak one last one in. I just noticed yesterday that just in light of seeing Supernus up on your – is it Supernus, yeah? Up on your sheet there. I see they've merged with Indivior yesterday. I'm just wondering, have you thought about how that may open up any new doors, if any, to sort of additional drug device collaboration?

Jonny Mason: I would say it's a bit early for that. So we haven't really thought about that yet. We're focused on delivering for both Tanabe Pharma and Supernus. It's a great opportunity that we are the infusion care supplier to all three of the new Parkinson's treatments. So as pump therapy – the penetration of pump therapy in that area increases, I guess we'll grow with it. Very excited about that.

David Phillips: Let's go to Hassan in row three and then come across to Jack in the front there.

Hassan Al-Wakeel (Barclays): Morning. Hassan Al-Wakeel from Barclays. I have a couple, please. So firstly, on opex dynamics. You reduced G&A year-over-year, again, and looked to have front-loaded R&D in the first half. I appreciate you've talked a lot today about the confidence you have on the top line with Infusion Care visibility. But can you expand on some of the opex buffer that you have and some of the productivity improvements planned for the second half that also support the ramp in profitability?

And then secondly, if you can walk us through what you're seeing in the skin sub-market with InnovaMatrix and your confidence in current guidance still seems to be a big step up in the second half, and how you're thinking about the pushes and pulls into '27.

Fiona Ryder: Thanks, Hassan. Well, I'll take the first one on opex. You're right, we do continue to successfully deliver our simplification and productivity initiatives. They're both within operations productivity, where we continue to automate our manufacturing facilities, reduce bottlenecks, and we have focused on strategic sourcing there.

With regards to G&A, we continue to improve our G&A. As Jonny mentioned, we have just announced our fourth CBS centre, which will be focused on technology and innovation. We have done some delayering as well within the organisation. So our second half opex will be lower than our first half opex in 2026, and our second half opex will be lower than second half 2025.

Jonny Mason: And on skin substitutes, look, the first half was very disappointing. What we are expecting is for the market to evolve to a new equilibrium. At this lower price that CMS has set, we can still make decent money, but we think many of the other operators who used to be in this segment, in particular the human tissue operators, will be very challenged from a profitability perspective.

What we're expecting to see is some of the bad actors and also some of the human tissue operators exiting the market, and the volumes of applications of skin substitutes to reestablish itself. And our product works really well, as I mentioned in my remarks. So we would expect volumes to grow. That was the basis of our initial guidance for 2026, and that has not happened yet. It is happening slower than we thought it would.

Two factors I think I'd point to. First is that some of the kind of human tissue operators are resisting the new price levels, and there are still legal cases going through challenging CMS's actions. Now we don't think that'll be successful, but it is certainly causing a delay.

And then secondly, CMS are going through some intensive audit activity at the moment to try and, I guess, root out any inappropriate behavior in the segment. What that's causing is for physicians generally to be conducting very low activity. So that's why H1 has been disappointing.

We do think that'll pass. We're not sure when. Our sales have started to pick up in the end. In May and June, they were higher than they were early in the year. It's slow. We do think we'll sell more in the second half than in the first, but we're not relying on it. We're managing our variable costs very tightly. And I think, as I said, the guidance on InnovaMatrix doesn't impact the guidance on everything else. It's now very small. As I say, we do believe in the product going forward, but it will be so small that it really won't matter.

Hassan Al-Wakeel: That's really helpful. If I could just follow up on the opex dynamics, particularly as it relates to next year and the buffer that you have there. Jonny, I think when we spoke a month or two back, you talked about current spot rates for COGS, effectively pointing to a 6% inflation next year. Where do you see that today, and how could that impact your plan for 24% margins next year?

Jonny Mason: Since we last spoke – and obviously this is a moving target. The rates are moving up and down all the time. Since we last spoke, actually, they've got a little bit better. But we haven't chosen to change the guidance. At prevailing price levels, which is roughly what they are now, we continue to see inflation would be roughly double next year, and we still think we can hit our 24% operating margin at that level.

Now, we'll give more detailed guidance about 2027 when we get closer to the time. But as we see it today, we're still on track for that margin progression.

Jack Reynolds-Clark (Morgan Stanley): Hi there. Jack Reynolds-Clark at Morgan Stanley. Thanks for taking the questions. I had two also, please. First on Niox. That £40 price point you talked about, how does that compare to what you expected and what do you expect the gross margin profile to be at that price?

And then on Infusion Care, digging a bit more into the non-diabetes segment, how are your conversations going with the operators, the non-Parkinson's partners?

Jonny Mason: Well, I might be a bit elusive on these two. Look, £40, we're very pleased with. We see it, as I said, as a very strong demonstration of superior performance. That's a price point which is clearly higher, significantly higher than the alternative dressings that we sell and that other people sell. We don't get into gross margin by product, and I won't start that today either. But at such a nice price point, it's a profitable product and we're looking forward to it growing significantly.

On Infusion Care other therapies, this is really part of our Wave 3. So the double-digit growth, which underpins our 6% to 8% growth for the Group, can be delivered through diabetes – growth in diabetes therapies and Parkinson's therapies. We are talking about other therapies as you're referring to, things like immunoglobulin deficiency. I'm blanking.

Fiona Ryder: Pain relief.

Jonny Mason: Yeah, pain relief. The cancer one. Chemotherapy. Sorry, I just had a blank. Chemotherapy. And for those purposes, we are developing infusion sets that can cope with higher volumes and more viscous solutions. But they aren't necessary for the 6% to 8% growth, and they will be supporting growth thereafter. Still early days, in other words.

Jack Reynolds-Clark: It's great. Thank you very much.

David Phillips: Seb in the middle, and then we'll come to Anchal and then Christian.

Seb Jantet (Panmure Gordon): Good morning. Seb Jantet from Panmure Gordon. So a couple of questions, if I may, or actually one sub-question. IC, just want to talk quickly. You talk about revenue visibility in the second half. What does that actually mean? Does that mean firm orders that the kind of customers can't back out? Does it mean indications of interest, so on and so forth?

Jonny Mason: It means purchase orders.

Seb Jantet: All right. So it's locked in, completely locked in?

Jonny Mason: Well, I mean, customers can – if customers phone us up and change their mind, but they don't.

Seb Jantet: Yeah.

Jonny Mason: We've gone through this pattern for many years recently, and we had the job of persuading people in 2024 it was going to be second half-weighted, and it was. In 2025, the job was the opposite. It was higher growth in the first half, and we had to say to people, please don't get carried away. It'll be lower in the second. And it was. Here in 2026, look, we've got the purchase orders.

So we're confident it'll be a higher growth rate. It'll be double-digit growth rate in Infusion Care in the second half.

Seb Jantet: Okay. Thanks. And then just on the non-diabetes Parkinson's part of the Infusion Care business. I'm just wondering to what extent you've been able to negotiate more value-based pricing for your infusion sets there rather than kind of – I mean, I guess what I'm asking is, are the margins better than the diabetes part of the business?

Jonny Mason: It's value-based pricing that we pursue with our customers, and these Parkinson's therapies are of high value to the healthcare system. And so I think it's fair to assume that the margin is good for us, as well as for the supplier of the treatments. So yes.

Seb Jantet: Thank you. And then last question, just on Continence Care. So another really good kind of period there and strong growth coming outside the US. You're about to basically fill out your product portfolio for non-US markets.

Jonny Mason: Yeah.

Seb Jantet: At what point do you decide to actually put your pedal down there and really go for growth in Europe, expand that business, maybe make some acquisitions to kind of give you more footprint?

Jonny Mason: Well, our commercial teams would tell you we are putting our foot down. They feel our foot on their back in strong encouragement. Look, it's going to be great when we have GC Air Pocket and Set, which gives our European commercial teams a full kit bag to visit the various urologists' offices. At the moment, they're doing an amazing job of driving growth with one arm tied behind their back.

So we're looking forward to that very much. That should start to help our growth in Europe from next year. So adding a point of growth to the category, we expect that certainly to continue.

As for acquisitions, look, we're constantly on the lookout for compelling acquisitions. But the organic growth is serving us well right now. And I think that our plans are based largely around that for this next plan period.

David Phillips: Anchal?

Anchal Verma (JP Morgan): Hi. Good morning. Anchal Verma from JP Morgan. Just a few questions, please. One is on Wound Care, if we can just delve a bit deeper into that. Looking at the growth ex InnovaMatrix, growth has been, let's say, closer to the bottom end of the mid-single digit. When we look at the trajectory from here onto high single-digit over the mid-term. One, is it fair to assume that's going to be a bit back-end loaded as the new products ramp? And help us understand how much visibility do you have on that ramp? Let's say, ConvaFoam, for example. How much visibility would you have on the orders that have been placed thus far? And a bit more clarity on that.

When we look at the high single-digit growth, how should we break that up into what's the underlying legacy Wound Care business growing at versus the contribution from the new products?

And then just a short follow-up for Fiona, actually. A bit of clarification on the tariffs. I believe you did receive some tariff refunds. Are we able to quantify how much of that was booked into H1, and if there are any more refunds pending for H2?

Jonny Mason: Okay. So let me start with a bit more on Wound Care. Let's remember that the wound care category growth is supported principally at the moment by our market-leading AQUACEL Ag+ Extra product, which, although with a very strong market share, is continuing to grow really nicely across all of our markets. And that kind of underpins the mid-single digit growth.

As we move towards high single-digit growth, you asked about the trajectory. Well, it's – you're right to point that out, because we aren't expecting that to be achieved in 2027. I think what we've said is, in '27, it will be working its way up mid to high single digits, and then high single digits from 2028.

Why is that? Because the new product launches will be scaling up all of them by 2028. At the moment, we're going through five new product launches in Wound Care. Now the first one's InnovaMatrix, which as we all know, has been very disappointing this year, and is a real exception to the normal pattern. That will start to grow again from '27 but will be very small.

We've got – launching this year, we've got ConvaFiber, ConvaVAC, and ConvaNiox. So they will start to build in '27 and will really start scaling up in '28. ConvaFoam is the one that launched a couple of years ago, and that is already scaling up now. That's what we are looking forward to building in growth through the rest of 2026, and we're adding capacity for ConvaFoam accordingly.

The buildup curve on that product is really good. You ask about visibility. That's not something that you get in Wound Care to the same extent as Infusion Care. As we've talked about many times, in Infusion Care, we get good visibility of orders many months in advance because we're talking to a relatively small number of customers.

But in Wound Care and the other categories, of course, you have many, many more customers, and so the growth builds in a different way.

Fiona Ryder: And on tariffs, we have always said that the tariff impact for us was fairly immaterial. Most of our products are protected. We did receive a tariff refund in the first half. Net position, because of course, those tariffs were replaced with new tariffs. So the net tariff benefit was about $5 million.

Jonny Mason: David?

Chris Glennie (Stifel): Hi. Thanks. Chris Glennie with Stifel. Just the first one on the margin bridge on our EBIT margin for the second half. Presumably there are ranges around the numbers that you put there on the chart. Just if we can tease out a bit of a nuance in terms of level of confidence in – are they pitched at the sort of bottom end of those ranges, so there's strong confidence in delivering that as a minimum? Or is there a bit of stretch in some of those that you need to hit to deliver that 25% in the second half? Just a bit of a sense for that.

Fiona Ryder: Thank you. I mean, the biggest contributor of the margin growth in the second half is mechanical. It's mathematical, and it is simply our sales weighting. We have an extra four days trading in the second half of the year, and that adds 4%. So that's the biggest element of the bridge.

InnovaMatrix headwind won't exist in the second half to the same extent, so that adds about 40 basis points. That may move up and down a little bit, but it's so immaterial now.

Infusion Care weighting is in the second half. As we've said, we will expect double-digit infusion care in the second half, which means we'll be at high single digits for the full year. So Infusion care adds about 50 basis points. Again, that could move up a little bit, down a little bit, but it'll be in the same region.

And lastly, we have delivered our simplification and productivity benefits year-on-year, so I'm very confident that that will deliver the remaining 80 basis points. So our guidance is at least 23%. We are confident that we will get to 23%.

Chris Glennie: Thank you. That's clear. And then on maybe any particular – you're obviously are not calling out any particular update on the FDA observations, investigations into that facility. But is there any comment around the intensity maybe of that review from the FDA side? Is there – and can we have any sense for – I know there's no formal timelines around this, but a bit of a sense for when we might reach a sort of conclusion to that?

Jonny Mason: Yeah. Look, it's going well. We have a constructive relationship with the FDA, a very open dialogue. And with our customers in InfusionCare – remember, this is an Infusion Care issue, and the FDA has looked at the whole insulin supply chain. So we're not the only one with one of these letters. So we're working openly with customers to mitigate the observations they've made.

The nature of these things is that they aren't solved quickly. So we would not expect this to be lifted anytime soon. It'll be all the way through 2027 probably. That doesn't mean it isn't going well. It's just that things take time.

Important to remember, in the meantime, whilst we are improving our quality management system, there are no observations about patient safety or product quality, and this is not impacting our ability to manufacture or sell any of our products.

Chris Glennie: Thank you. Sorry, one quick one if you can on ConvaFoam. You talked about win rate on customer evaluations in the past. I don't know if there's any particular update there, and/or do you have a disclosed growth rate for ConvaFoam in the first half, for example? Thank you.

Jonny Mason: We haven't disclosed that particular product, and some of it's incremental sales and some of it is replacing our predecessor product. This is better than our predecessor product, so that's good, but I don't think the growth rate on the product itself would be so meaningful.

Look, I think ConvaFoam will deliver the mid-single digit growth in Wound Care for the year. That's what we are looking for it to do. When we talked about the evaluation rates, that's when it was in its early phase of not really selling. So we haven't updated that stat because we're now into a different phase where it's in the market, it's scaling up successfully, and it's doing really well gaining market share.

David Phillips: Thanks. Charles, and then Sam.

Charles Weston (RBC): Hi. Charles Weston from RBC. Thanks for taking the questions. The first on Infusion Care, please, in terms of all the capex. Can you give us a sense of how much additional capacity is being brought online from, say, where we are now to maybe the end of 2028? And as that comes online, is there any pent-up demand that can be satisfied, perhaps with relation to Tandem?

And then the second question, please, on InnovaMatrix. You said that at the current price you can make money, but obviously the current volumes are low. So I guess the question is, do you make money now? And at what stage would you make money? How much more volume would you need?

Jonny Mason: Okay, great questions. Thank you. Infusion Care, first of all. Look, on Tandem, I think it's quite public that we have not managed to keep up with rising demand on certain SKUs for Tandem. But we have been able to replace those by other SKUs from within our own range. And so there isn't a massive impact on sales, albeit we are dissatisfied with not being able to keep up with what the customer wants, and therefore, in the second half of 2026, we will be starting to add more capacity to rectify the shortages in those particular SKUs.

On the rest of the capacity, what I think is the best thing to look at is double-digit growth. We are going to be growing at double-digit growth in the second half of '26, and then thereafter for the remainder of the plan period. And the capacity will be sufficient to meet that double-digit growth for all of those years.

Charles Weston: Just to clarify, does that mean we need more capex at the similar kind of rate in Infusion Care capacity in '28, '29, '30?

Jonny Mason: Yeah. Good clarification. No. We see the capex very much as being at a peak now, and there will be higher levels next year too, as we adjust to the new growth trajectory. But then it will settle again to between 5% and 7% of sales on an ongoing basis.

And then on InnovaMatrix – yes, you asked about profitability. Look, we didn't make money in the first half. We had controlled our variable costs to what we hoped the sales would be. They turned out lower. So to Fiona's point on her margin bridge, we did lose money in the first half.

We think the second half will get back close to breakeven. And then going forward, we need sales of about $10 million from InnovaMatrix in order to be able to breakeven. And we are hopeful of getting that and more in the years ahead.

David Phillips: Sam. And then Jens is up. Thanks.

Sam England (Berenberg): Morning, guys. It's Sam England from Berenberg. Can you talk a bit about the cadence of product launches during 2027, and how we should think about their growth contribution next year, given you're obviously expecting growth to step-up? And I suppose, is that around that 50% of growth coming from newer launches like you saw this year, a sort of realistic prospect for the future?

And then just a quick one around the Wound business. What assumptions are you making around the underlying market growth in the second half of this year, given you're expecting an acceleration? So if we sort of ignore the new products and what's going on for you specifically, what are you thinking the market's going to do second half?

Jonny Mason: Yeah. 2027 will see fewer new product launches than 2026. We have got scheduled six new product launches in 2026, albeit these things aren't a fixed event on one day. They are a gradual process, but they'll be starting in 2026. Then only two in 2027 is the schedule, which is Natura Body around the middle of the year. Very important launch, that one. Very keen to get that into the portfolio. And then FMS Air is a much smaller launch. That'll be probably towards the end of next year by the time we've optimised the design.

2027 is going to be a year mostly of scaling up the Wave 2 products, which have launched – which have started launching in 2026. And will that account for about half of the growth? I expect it'll be pretty similar to this year. Yeah.

And then on Wound Care, we're expecting the market to be roughly the same as the first half. Our expectation of faster growth in the second half is not based on a faster market, but it's more based on ConvaFoam contributing stronger as we build, including building more capacity.

David Phillips: Jens?

Jens Lindqvist (Investec): Yeah. Jens Lindqvist at Investec. Appreciate it is a bit blue sky, bit on foam, what do you see is the long-term potential share of this product? I mean, 30% share in antimicrobial. Is there any particular reason you would not be able to get towards that sort of level over time?

And secondly on, what's your optionality around InnovaMatrix? Is there a non-US opportunity for that product, and is it really still core or would you consider licensing it or divesting it? Thank you.

Jonny Mason: Thank you, Jens. ConvaFoam, I love your ambition. Yeah, certainly it can grow for quite some way. I think what you're referring to is the fact that with Aquacel, where we have a market-leading product, we have 30% share. In the foam segment, which is around $2 billion, we have a five – we used to have a 5% share. Now that's grown to over 6% on the basis of the initial ConvaFoam launch.

Our ambition, our first target is to get the foam share from 5% to 10%. That's what we've got our sights set on.

Now can it go beyond that? Well, it's the same people and the same customers that we're selling to as for Aquacel. Can it go beyond 10% market share? Maybe. But let's get to 10 first, and then we'll see.

In terms of InnovaMatrix optionality, look, we are diversifying the indications and channels that we are using to sell InnovaMatrix. Previously, it was principally diabetic foot ulcers and venous leg ulcers in physicians' offices. Already this year in the US, we're looking more at Mohs surgery, at dermatology, maybe some burns units. So there is optionality in InnovaMatrix, yes.

Is there opportunity to launch it outside the US? Yes, there is. And we've started very slowly, a bit in LATAM, a bit in Europe. But it's small. That's our main point. And the key thing about InnovaMatrix going forward from 2026 is we believe it will grow. We believe it's a good technology as demonstrated by the evidence, but it's going to be small, and it's no longer going to be a distraction. It will be one product among many, contributing to our 6% to 8% growth rate.

David Phillips: There are no questions online or on the phone. So if there's no more in the room, I'll hand back to Jonny.

Jonny Mason: Well, thank you very much. Thank you for your attention today. You know where we are if you have any more questions. I hope you've got the message today that we are feeling quite upbeat. I realise there's some skepticism around will we get to 2026? What it reminds me of is, back in 2024, when we were at the half year point and our earnings per share were flat and people said, Oh, you're not going to get to double-digit EPS growth in 2026 – in 2024, excuse me. Yes, we are. We had good visibility of it, and sure enough, we did. And That's how 2026 will be, too.

We have good visibility over the second half of the year. We're feeling confident we'll get where we've guided, and that that will form a very strong base for the acceleration in 2027 and beyond. Thank you very much.

[END OF TRANSCRIPT]