



14 November 2023

**ConvaTec Group Plc**  
**Trading update for the ten months ended 31 October 2023**

**Strong sales growth continued with margin expansion on track**

ConvaTec, a global medical products and technologies company, announces its trading update for the ten months ended 31 October 2023. Revenue increased by 6.7% on an organic basis<sup>1</sup>. On a reported basis revenue rose by 2.5%, impacted by the strategic exit of the hospital care activities and related industrial sales in 2022. On a constant currency basis revenue increased by 2.6%.

In Advanced Wound Care ('AWC'), organic growth was high-single digit, consistent with the performance in the first half of the year, with a strong performance in Global Emerging Markets, good growth in Europe and North America enhanced by the contribution of InnovaMatrix<sup>2</sup>, our next-generation placental extracellular matrix product.

In Ostomy Care ('OC') organic growth was mid-single digit. Sales growth from ConvaTec's Ostomy products performed in line with the first half, with strong growth in Global Emerging Markets, good growth in North America and key European markets. As expected, the negative impact of Flexi-Seal<sup>3</sup> moderated to a mid-single digit decline for the year to date, as the tough COVID comparatives normalised and as the business became sole supplier to the HealthTrust Performance Group, a major GPO, in the US.

In Continence Care ('CC'), organic growth was mid to high-single digit with continued strong performance on customer satisfaction, retention and pricing in the US. The lower rate of growth than the first half was phasing, as expected, and in line with our guidance of mid to high-single digit growth for the year.

In Infusion Care ('IC'), organic growth was high-single digit, building on the first half performance. Underlying demand for ConvaTec's infusion sets remained strong with the market responding positively to recent new insulin pump launches, and as the business continued to expand outside of diabetes. We note the recent extensive coverage regarding GLP1s and confirm that we do not expect any material impact on our business. GLP1s<sup>4</sup> are deemed effective for patients who retain the ability to produce insulin, whereas our products serve patients on insulin-intensive therapy who no longer produce sufficient insulin endogenously.

**Strategic progress over the last four months**

- In AWC, our new product portfolio continued launching successfully and drove our organic growth as expected.
- In OC, the development of our new one-piece convex pouching system, Esteem Body<sup>TM</sup>, is on track to start launching in early 2024 in the US and Europe.
- In CC, in France we began the launch of our new compact catheter, GentleCath Air<sup>TM</sup> for Women with FeelClean<sup>TM</sup> Technology. This technology is designed for urethral protection and to reduce the risk of UTIs.
- In IC, we continued to diversify, supporting several new launches. BetaBionics' iLet pump and Medtronic's 780G pump are progressing well, while Tandem's Mobi pump began rolling out in the US in Q3. AbbVie's Parkinson's disease therapy launched in Japan and regulatory approvals for other key global markets are in process.
- In quality and operations, our plant network optimisation is progressing well, with the migration from the EuroTec facility, in the Netherlands, to Slovakia and a restructuring of activities in Switzerland.
- Two acquisitions were completed in the period, for a combined consideration of \$28 million, to further strengthen our Home Services Group in the US.
- To accelerate our simplification and productivity agenda, in our Global Business Services, we opened a new facility in Kuala Lumpur to provide 24-7 support to the group, started the migration of HR services and created a new IT Centre of Excellence.

**On track to deliver guidance**

We now expect organic revenue growth for 2023 to be between 6.75% and 7.5% (previously 6.0%-7.5%). Adjusted operating profit margin is expected to expand to at least 20.5%, on a constant currency basis.

**Karim Bitar, the Chief Executive Officer, commented:**

"We are pleased with the execution of our FISBE strategy this year. ConvaTec has pivoted to a higher level of organic sales growth over recent years. We are on track to deliver a mid-20s adjusted operating margin in 2026 or 2027, and double-digit compound growth in EPS and free cash flow, from 2024 onwards."

## Notes

### Technical guidance

- Based on FX rates to date and spot for the remainder of the year, the foreign exchange impact on 2023 revenue growth is currently not material but there is a headwind to 2023 adjusted operating margin of ~60bps.
- Guidance on interest expense, tax rate and debt leverage is unchanged:
  - o Interest expense towards the top of the \$70-80m range.
  - o Adjusted book tax rate at c.24%.
  - o Net debt/adjusted EBITDA leverage at year end to be approximately 2.3x.

### Conference Call details

A conference call to discuss the trading update will be held for analysts and investors at 8:30am GMT. Details are included below:

- UK Wide: +44 (0) 33 0551 0200
- USA Local: +1 786 697 3501
- Password: Quote "Convatec - Trading Update" when prompted by the operator

### Footnotes

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

<sup>2</sup> Triad Life Sciences, now known as Advanced Tissue Technologies (ATT), included in organic growth from 1 April 2023

<sup>3</sup> Faecal management system, which was moved to Ostomy Care at the start of this year

<sup>4</sup> At the moment Glucagon-like Peptide-1 receptor agonists (GLP1s) are not FDA or EMA approved for patients with type 1 diabetes. The ADA (American Diabetes Association) does not advocate their use in type 1 diabetes.

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### About Convatec

**Pioneering trusted medical solutions to improve the lives we touch:** Convatec is a global medical products and technologies company, focused on solutions for the management of chronic conditions, with leading positions in advanced wound care, ostomy care, continence care, and infusion care. With around 10,000 colleagues, we provide our products and services in almost 100 countries, united by a promise to be forever caring. Our solutions provide a range of benefits, from infection prevention and protection of at-risk skin, to improved patient outcomes and reduced care costs. Group revenues in 2022 were over \$2 billion. The company is a constituent of the FTSE 100 Index (LSE:CTEC). To learn more about Convatec, please visit <http://www.convatecgroup.com>

### Forward Looking Statements

*This document includes certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Forward-looking statements are generally identified by the use of terms such as "believes", "estimates", "aims", "anticipates", "expects", "intends", "plans", "predicts", "may", "will", "could", "targets", "continues", or their negatives or other similar expressions. These forward-looking statements include all matters that are not historical facts.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies that are difficult to predict and many of which are outside the Group's control. As such, no assurance can be given that such future results, including guidance provided by the Group, will be achieved. Forward-looking statements are not guarantees of future performance and such uncertainties and contingencies, including the factors set out in the "Principal Risks" section of the Strategic Report in our Annual Report and Accounts, could cause the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates, to differ materially from the position expressed or implied in the forward-looking statements set out in this document. Past performance of the Group cannot be relied on as a guide to future performance.*

*Forward-looking statements are based only on knowledge and information available to the Group at the date of preparation of this document and speak only as at the date of this document. The Group and its directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligations to update any forward-looking statements (except to the extent required by applicable law or regulation).*

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