

14 November 2024

Convatec responds to Local Coverage Determinations (LCDs) on skin substitutes in the United States

Convatec notes the Medicare Administrative Contractors (MACs) publication of the LCDs for Skin Substitute Grafts/Cellular and Tissue-Based Products for the Treatment of Diabetic Foot Ulcers (DFU) and Venous Leg Ulcers (VLU), with a stated effective date of 12 February 2025.

InnovaMatrix[®] is not covered by Medicare for DFU/VLU treatments in the LCDs, reducing patient and practitioner choice and availability of effective solutions in the near-term. This is disappointing, but as expected.

InnovaMatrix[®] is an excellent product which is delivering strong real-world results for patients and is trusted by clinicians. Convatec remains confident of securing DFU/VLU coverage and as such, we expect any exclusion from the LCDs to be temporary. We will continue to serve patients with other indications, which comprise ~55%¹ of the US wound biologics segment and c.25% of Convatec's InnovaMatrix[®] FY24 sales.

Convatec also welcomes the MACs' commentary regarding an efficient reconsideration process for products to be covered by Medicare in the future. Convatec remains confident of securing coverage. We continue to build our clinical evidence portfolio in DFU/VLU including through real-world evidence and have already [initiated randomised controlled trials](#) which we expect to report in 2026.

The FY24 guidance and FY25 outlook issued in our [12 November 2024 trading statement](#) remain unchanged.

For FY24 we expect Group organic revenue growth in the range of 7.25-8.0%, and operating margin of at least 21.5% in constant currency. We are on-track to deliver double-digit growth in adjusted EPS and free cash flow to equity.

In FY25, we continue to expect further Group operating margin expansion and to deliver double-digit growth in adjusted EPS and free cash flow to equity, despite the LCDs outcome. This will be driven by 5-7% organic growth in non-InnovaMatrix[®] sales (96% of Group) based on our broadening product portfolio and new product launches, and further progress in Group-wide productivity initiatives and focused commercial execution.

Contacts

Analysts & Investors	David Phillips, VP, Investor Relations & Treasury	+44 (0) 7909 324994
	Sheebani Chothani, Director, Investor Relations	+44 (0) 7805 011046 ir@convatec.com
Media	Buchanan: Charles Ryland / Chris Lane	+44 (0)207 466 5000 mediarelations@convatec.com

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. Convatec revenues in 2023 were over \$2 billion. The company is a constituent of the FTSE 100 Index (LSE:CCTC).

To learn more about Convatec, please visit <http://www.convatecgroup.com>

¹ SmartTRAK data and Convatec estimate

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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