CTEC XLON Convatec Group PLC

Convatec 10-month trading update · RNS 5762D · 18 November 2026

Convatec raises 2026 growth guidance to 6.25-7.0% as Infusion Care accelerates

Share price	247.6p
Market cap	£4.73bn
52-week range	193p - 259.3p
Shares in issue	1909.3m
12-month change	+7.0%

Ticker Data API, as at 17 Nov 2026, 16:29

SHARE PRICE, 12 MONTHS



SUMMARY

Convatec's trading update today showed organic revenue growth excluding InnovaMatrix of 6.6% for the ten months to 31 October, and FY26 guidance on that basis rose to 6.25-7.0% from 5.5-6.5%. Infusion Care is now expected to grow at a double-digit rate and Continence Care at mid-to-high single digits, both upgrades. Profit guidance did not move with sales. The adjusted operating margin target stays at at least 23%, and expected equity cash conversion falls to about 90% from about 100%. The second-half acceleration management promised in August has arrived. The open question for the 23 February 2027 full-year results is whether margin, cash and leverage follow.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Organic revenue growth ex-InnovaMatrix, year to date	6.6%	Ten months to 31 October 2026	
Organic revenue growth including InnovaMatrix, year to date	3.7%	Ten months to 31 October 2026	Reported growth 4.8%
FY26 Group organic revenue growth guidance ex-InnovaMatrix	6.25-7.0%	FY26	Previously 5.5-6.5%
FY26 adjusted operating margin guidance	at least 23%	FY26	Unchanged
Adjusted operating margin	21.2%	H1 FY26	Down 10 bps year on year (up 50 bps in constant currency)
Equity cash conversion guidance	c.90%	FY26	Previously c.100%
Cash costs of adjusting items	c.$30m	FY26	Previously $20m
Net debt to adjusted EBITDA	2.3x	H1 FY26	H1 25: 1.9x; c.2.0x expected by year end
InnovaMatrix revenue expectation	c.$5m	FY26	Previously $5-10m
Operating cash flow	$470m	FY2025	Buybacks $326m and dividends $140m paid in the same year

Sources: 10-month trading update RNS, 18 Nov 2026; Interim results, 4 Aug 2026; Cash flow (tagged accounts), 2025-12-31

THE ANNOUNCEMENT

- FY26 Group organic revenue growth excluding InnovaMatrix is now guided at 6.25-7.0%, up from 5.5-6.5%, after 6.6% for the ten months to 31 October. Including InnovaMatrix, organic growth was 3.7% and reported growth 4.8%.
- Infusion Care accelerated to double-digit growth year to date on faster second-half diabetes growth, AbbVie's Parkinson's treatment and higher manufacturing volumes. FY26 guidance rises to double-digit from high single digit.
- Continence Care accelerated to mid-to-high single digit growth on higher US new patient volumes and strong growth outside the US, and FY26 guidance rises accordingly. Advanced Wound Care and Ostomy Care guidance is unchanged at mid-single digit.
- Adjusted operating margin guidance of at least 23% and double-digit adjusted EPS growth are unchanged, absorbing a c.65 bps FX headwind (previously 40 bps) and a c.90 bps InnovaMatrix headwind. InnovaMatrix FY26 revenue is now expected at c.$5m, against $5-10m before.
- Cash guidance weakened: equity cash conversion c.90% (previously c.100%), cash costs of adjusting items c.$30m (previously $20m), net finance expense c.$75m, and total capex at the upper end of $200-230m. The $200m share buyback remains on track to complete in FY26.
- Medium-term targets are reiterated: 6-8% organic revenue growth, double-digit adjusted EPS growth and a mid-20s% adjusted operating margin from 2027. Natura Body is on track for mid-2027 and US diabetic foot ulcer trial results for ConvaNiox are expected in 2027.

AGAINST GUIDANCE

In August Convatec narrowed FY26 organic growth guidance to 5.5-6.5% from 5-7%, while saying Infusion Care would accelerate in the second half given its visibility of orders. That has happened. Infusion Care grew 7.4% in H1 and is now double-digit for the year to date, and Continence Care has moved up from 5.9% in H1. New revenue guidance of 6.25-7.0% sits above the old range. The profit and cash lines tell a different story. Margin and EPS guidance are unchanged despite the higher sales, the FX margin headwind has grown to c.65 bps from 40 bps, and expected cash conversion, adjusting costs and finance expense have all moved the wrong way. InnovaMatrix revenue has gone to the bottom of its previous $5-10m range.

BULL CASE

- Management called the second-half acceleration in August and delivered it, with share gains cited in every category and tied to named launches such as Esteem Body (now c.15% segment share), GentleCath Air for Women and the new Cure Aqua and GentleCath Air Pocket and Set catheters.
- Infusion Care demand is outrunning supply ahead of new capacity in 2027, which is why growth capex is heading to the upper end of its $135-165m range. If double-digit growth carries into 2027, the mid-20s margin target from 2027 becomes more credible.
- Non-InnovaMatrix revenue was over 99.5% of the total, so the gap between 6.6% and 3.7% growth largely reflects one small product's falling base. That effect should shrink, bringing headline growth closer to the underlying figure.
- Directors have bought shares this year, including Jonny Mason (50,000 at 201.169p on 26 May) and Jens Viebke (24,400 at £2.298 on 13 October), and 2027 brings several catalysts: Natura Body in mid-2027, US ConvaVAC and ConvaFiber launches, and results from the 300-patient ConvaNiox trial.

BEAR CASE

- Higher sales have not lifted profit guidance. Reaching at least 23% for the year from 21.2% in H1 requires a much stronger second-half margin, while the FX headwind has grown and H1 statutory operating profit was $115m against $262m adjusted.
- Cash is under strain. FY2025 operating cash flow of $470m only just covered that year's $326m of buybacks and $140m of dividends before capex, and FY26 brings capex near $230m, the $200m buyback, cash conversion down to about 90% and adjusting costs up to c.$30m. Getting from 2.3x to c.2.0x net debt to EBITDA depends on the promised second-half working-capital inflow.
- InnovaMatrix has again come in at the low end of expectations, and 2027 is crowded: several launches, a US De Novo submission and a CFO handover, with Jill McConnell taking over from Fiona Ryder on 1 March 2027. An incoming finance chief resetting assumptions is a recognised risk.
- Much of the good news may already be in the shares, which made a 52-week high of 259.30p ahead of the update. With Bank Rate at 4.00% and the two-year gilt at 4.93% (as at mid-November), the bar for paying now for 2027 margins is higher, and disclosed short positions stood at 4.26% of shares on 12 November.

WHAT TO WATCH

- Full-year results on 23 February 2027: whether the FY26 adjusted operating margin clears 23%, which would mean a markedly stronger second half than H1's 21.2%.
- Year-end net debt to adjusted EBITDA against the c.2.0x target after the $200m buyback, and free cash flow after capex and adjusting costs, which will show whether the second-half working-capital inflow came through.
- 2027 guidance: whether the mid-20s margin target from 2027 is confirmed alongside 6-8% growth, what replaces the buyback, and whether cash conversion is guided back towards 100% under the new CFO from 1 March 2027.
- Operational markers through 2027: Infusion Care growth as new capacity comes online, the mid-2027 Natura Body launch and the ConvaNiox US diabetic foot ulcer trial results.

This research is produced by Ticker using automated analysis of company announcements, filings and market data. It is for information only, is not personal advice or a recommendation to buy or sell any security, and may contain errors. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise. Market data from Ticker's Data API as at 17 Nov 2026, 16:29.