



Q1 2020 Earnings Call

May 7, 2020

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties and reflect the Company's judgment as of the date of this presentation. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements. Some of these forward-looking statements may contain words like "will," "believe," "may," "could," "would," "might," "possible," "should," "expect," "intend," "plan," "anticipate," or "continue," the negative of these words, other terms of similar meaning or they may use future dates. Forward-looking statements contained in this presentation include, but are not limited to, statements concerning the expected impact of COVID-19 on the Company; the impact of contingency plans and cost-savings measures; the Company's liquidity and financial position; future financial performance, including projections for revenues, expected revenue growth (both reported and organic), GAAP and adjusted net income, GAAP and adjusted earnings per diluted share, non-GAAP adjustments such as structural optimization charges, acquisition and integration-related charges, COVID-19 related charges, EU Medical Device Regulation-related charges, litigation charges, discontinued product line charges, intangible asset amortization expense, expenses related to debt refinancing, convertible debt non-cash interest, and income tax expense (benefit) related to non-GAAP adjustments and other items. Statements of past performance, efforts, or results about which assumptions or inferences may be made can also be forward-looking statements and are not indicative of future performance or results. Forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though they are inherently uncertain, difficult to predict, and may be outside of the company's control; these assumptions include, but are not limited to, when the impacts of COVID-19 may be the most severe and when and how the impacts of COVID-19 will subside. It is important to note that the Company's goals and expectations are not predictions of actual performance. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited to, the following: risks and uncertainties associated with medical epidemics or pandemics, such as the COVID-19 pandemic, including, without limitation, disruptions in operations, diversion of management and resources, the accuracy of procedural volume information, material cancellations and delays of procedures, reduced capital spending by healthcare institutions, impaired and disrupted global economic conditions relative to healthcare spending and access to credit markets, and delays in the development of clinical data and medical education, including data and education relevant to the impact of infectious disease on the use of the Company's products; the Company's ability to execute its operating plan effectively; the Company's ability to achieve sales growth in a timely fashion; the Company's ability to manufacture and ship sufficient quantities of its products to meet its customers' demands; the ability of third-party suppliers to supply us with raw materials and finished products; global macroeconomic and political conditions; the sales performance of third-party distributors on whom the Company relies to generate revenue for certain products and geographic regions; physicians' willingness to adopt and third-party payors' willingness to provide or maintain reimbursement for the Company's recently launched, planned and existing products; initiatives launched by the Company's competitors; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems violations; the Company's ability to comply with and obtain approvals for products of human origin and comply with regulations regarding products containing materials derived from animal sources; the geographic distribution of where the Company generates its taxable income; fluctuations in foreign currency exchange rates; the amount of our bank borrowings outstanding and other factors influencing liquidity; and the economic, competitive, governmental, technological, and other risk factors and uncertainties identified under the heading "Risk Factors" included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2019 and information contained in subsequent filings with the Securities and Exchange Commission.

These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures

In addition to our GAAP results, we provide certain non-GAAP measures, including organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income, adjusted earnings per diluted share, free cash flow and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, revenues from current-period acquisitions and product divestitures and discontinuances. Adjusted EBITDA consists of GAAP net income excluding: (i) depreciation and amortization; (ii) other income (expense); (iii) interest income and expense; (iv) income tax expense (benefit); and (v) those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income, excluding: (i) structural optimization charges; (ii) acquisition and integration-related charges; (iii) COVID-19 related charges; (iv) EU Medical Device Regulation-related charges; (v) litigation charges; (vi) discontinued product lines charges; (vii) intangible asset amortization expense; (viii) expenses related to debt refinancing; (ix) convertible debt non-cash interest; and (x) income tax impact from adjustments. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by operating activities less purchases of property and equipment. The adjusted free cash flow conversion measure is calculated by dividing free cash flow by adjusted net income.

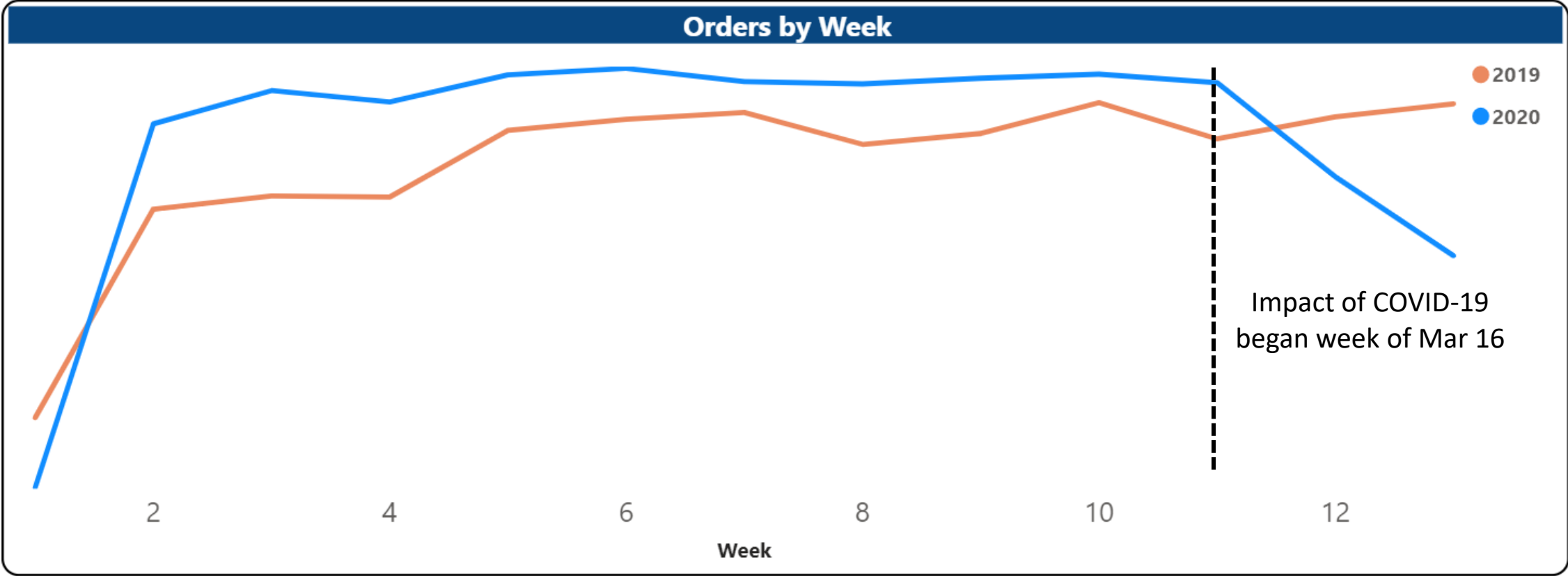
The Company believes that the presentation of organic revenues and the other non-GAAP measures provide important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations.

COVID-19 Update

- **First quarter performance**
 - Strong start to 2020 – first two-and-a-half months of quarter running ahead of plans
 - Surgical procedure deferrals and shelter-in-place policies resulted in reduced volumes in 2H March
- **Priorities in the current environment**
 - Prioritize health and safety of employees, customers and patients
 - Commercial teams monitoring at local level and leveraging technology for training and communication
 - Initiated cost savings measures, but continuing to invest in critical R&D and clinical programs
 - Manufacturing and distribution centers ensuring continuity of product supply to customers
- **Position & Strategy**
 - Flexible balance sheet and ample liquidity with \$350+ million in cash and \$1.15 billion in revolver capacity
 - Daily leadership and response team meetings to monitor / adjust recovery plans as required
 - Ongoing communication with customers to assist with resumption of procedures

First two-and-a-half months of Q1 ahead of plans until COVID-19 impact in 2H of March

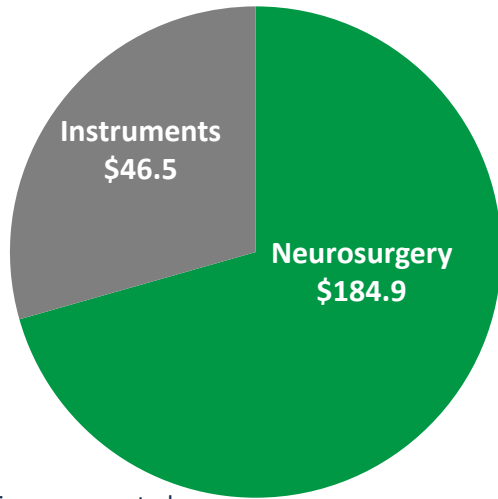
First Quarter Global Order Trends by Week



**Q1 2020 pre-COVID-19 was trending at high end of guidance range;
Orders declined significantly in back half of March**

Codman Specialty Surgical

First Quarter 2020 Revenues***
\$231.4M; (1.3%) YoY Growth



\$ in millions as reported

Q1 2020 Performance Drivers*

- **Neurosurgery**
 - Sales increased 4.5%. Growth across all franchises, led by CSF Management and Advanced Energy
- **Instruments**
 - Sales declined 14.2% driven by COVID-19-related procedure deferrals
- **International**
 - High single-digit growth led by Japan and advanced purchases in indirect markets

*All commentary represents organic performance

Revenues	Q1 2020	Q1 2019	Growth
Reported	\$231.4M	\$234.6M	(1.3%)
Organic**	\$226.0M	\$224.8M	0.5%

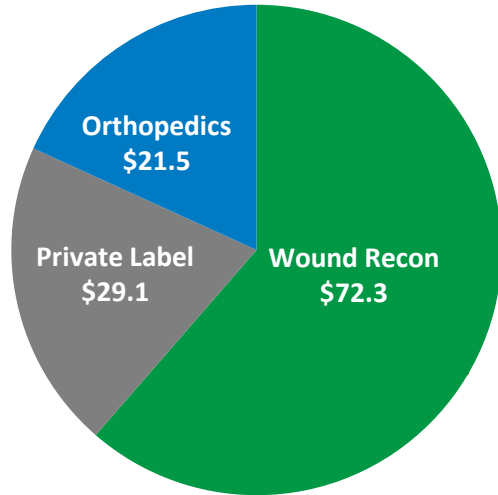
First quarter COVID-19 impact of ~\$10 to \$13 million

**Amount excludes \$6.6M in Q1 2020 and \$9.7M in Q1 2019 related to divested and discontinued products.

*** Prior period amounts were reclassified between categories within CSS to conform to current presentation. Historical amounts can be found in the Appendix of this presentation.

Orthopedics & Tissue Technologies

First Quarter 2020 Revenues
\$122.9M; (1.8%) YoY Growth



\$ in millions as reported

Q1 2020 Performance Drivers*

- **Wound Reconstruction**
 - Decreased low-single digits due to COVID-19-related deferrals; Integra skin, AmnioExcel® and SurgiMend® all grew in the quarter
- **Private Label**
 - Increased mid-single digits in line with expectations
- **Orthopedics**
 - Decreased mid-single digits driven by COVID-19-related deferrals of elective procedures
- **International**
 - Mid-single digit growth, based on regenerative products in Europe

*All commentary represents organic performance

Revenues	Q1 2020	Q1 2019	Growth
Reported	\$122.9M	\$125.1M	(1.8%)
Organic**	\$122.8M	\$124.4M	(1.2%)

Regenerative tissue supply increasing in line with original plans
First quarter COVID-19 impact of approximately \$10 to \$12 million

** Amount excludes \$0.4M in Q1 2020 and \$0.7M in Q1 2019 related to discontinued products.

First Quarter Financial Results

% of Revenues	Q1 2020	Q1 2019	Change
Total Revenues	\$354.3	\$359.7	(1.5%)
Gross Margin	62.3%	64.2%	(190BPS)
Adj. Gross Margin ⁽¹⁾	68.3%	68.4%	(10BPS)
Net Income	\$9.2	\$32.8	(72.0%)
Adj. Net Income ⁽¹⁾	\$41.3	\$56.4	(26.8%)
Adj. EBITDA Margin ⁽¹⁾	21.4%	24.3%	(290BPS)
Diluted Shares Out (M)	85.9	86.3	(0.5%)
Earnings per Share	\$0.11	\$0.38	(71.1%)
Adj. Earnings per Share ⁽¹⁾	\$0.48	\$0.65	(26.2%)

(In millions)	Q1 2020	Q1 2019	Change
Operating Cash Flow	\$20.8	\$29.5	(29.5%)
CapEx	\$16.5	\$16.1	2.5%
Free Cash Flow ⁽¹⁾	\$4.3	\$13.4	(67.9%)
FCF Conversion ⁽¹⁾	10.4%	23.7%	(13.3Pts)
Depreciation	\$10.5	\$10.5	-
Amortization	\$18.7	\$16.6	12.7%

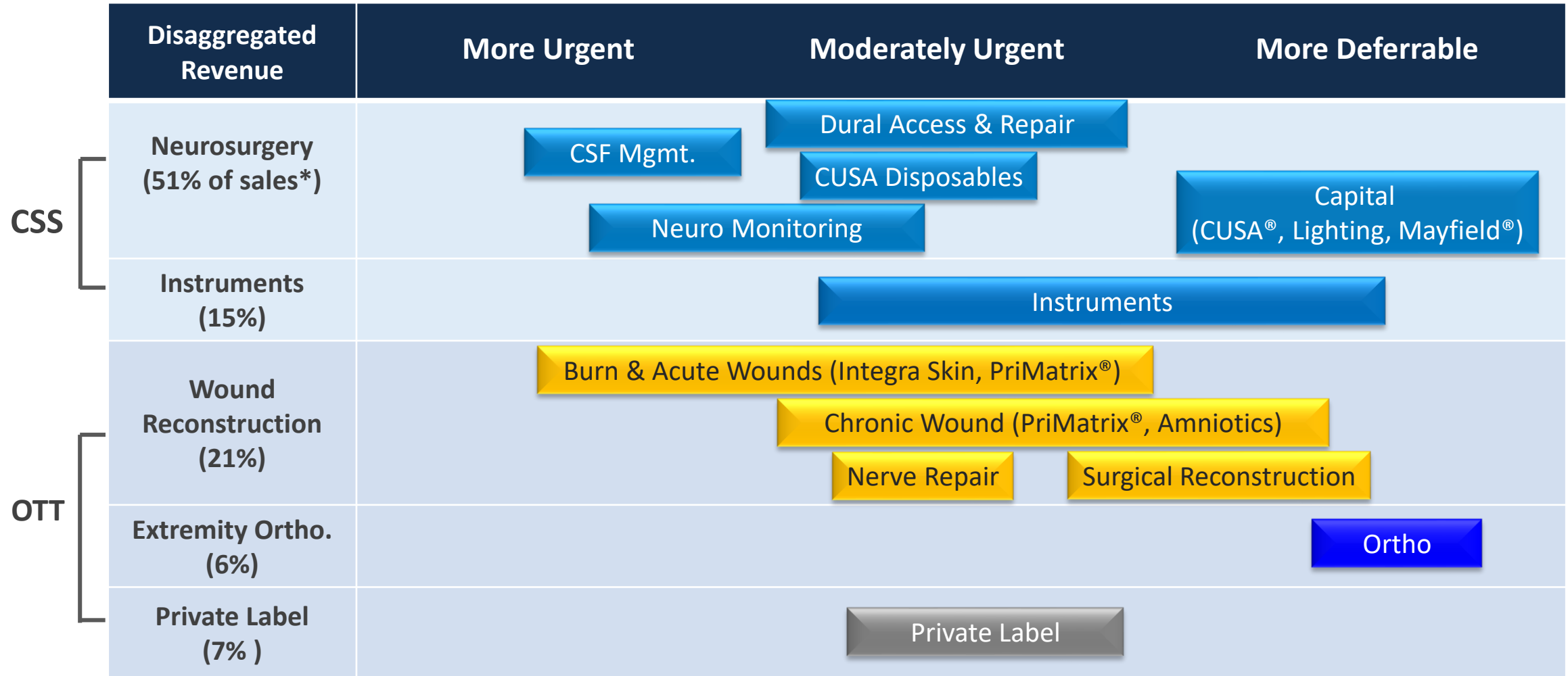
Revenue, Gross Margin, EBITDA and Net Income declines attributable to COVID-19

Capital Structure as of March 31, 2020

Capitalization		
(In \$ millions)	December 31, 2019	March 31, 2020
Cash and Equivalents	\$199	\$358
Bank Debt	\$1,358	\$1,126
Convertible Bond	-	\$575
Total Debt	\$1,358	\$1,701
Net Debt	\$1,159	\$1,343
Net Debt Bank Leverage Ratio	2.6x	3.1x

Balance sheet well-positioned with improved flexibility & liquidity
Revolver capacity of \$1.15 billion

COVID-19 Implications for Revenue Profile



Recovery Leaders



Recovery Laggards

* Note: % of Sales based on 2019 reported revenue

Revenue and Recovery Considerations

Segment	April 2020 COVID-19-Related Revenue Decline*
CSS	-40% to -45%
OTT	-45% to -50%
Total Company	-45%
US	-50%
OUS	-35%

* April percentages are approximate and compare to April 2019 (Q2 2019 revenues were \$384 million).

Factors Impacting Timing and Pace of Recovery
<ul style="list-style-type: none"> • Resumption of procedures – est. beginning early May <ul style="list-style-type: none"> • ICU bed availability • OR availability and prioritization of procedures • Geographic, procedure and inpatient/outpatient mix • Hospital financial conditions – est. gradual recovery in 2020 <ul style="list-style-type: none"> • Capital budgets • Easing of quarantine – est. beginning mid-to-late May <ul style="list-style-type: none"> • Incidence of traumatic injuries • Availability of testing / Risk of second wave • Patient willingness to return • OUS Markets – recovery underway in select markets <ul style="list-style-type: none"> • Stability in China and Japan • Italy, UK and Spain slower recovery than rest of Europe

Post April lows, expect sequential monthly improvements

Prepared For Growth

Quick Response

- Prioritized employee, customer and patient safety
- Worked with customers to ensure continuity of supply
- Maintained broader workforce, while reducing expenses

Strong Financial Position

- Balance sheet remains flexible in dynamic environment
- Flexible credit facility, no principal repayments due until June 2021
- Implemented enterprise-wide cost reduction efforts in April

Recovery Plans in Place

- Commercial teams ready and reaching out to customers
- Underlying fundamentals and procedural demand remain intact
- Long-term investments in critical clinical and R&D programs continue

Confident we have the people and plans in place to return to growth



Appendix

Non-GAAP Reconciliations



First Quarter 2020 Organic Growth Reconciliation

(In millions)	Q1 2020	Q1 2019
Neurosurgery	\$184.8	\$179.5
Instruments	\$46.5	\$55.0
Total Codman Specialty Surgical⁽¹⁾	\$231.4	\$234.6
Wound Reconstruction and Care	\$72.3	\$74.9
Extremity Orthopedics	\$21.4	\$22.7
Private Label	\$29.1	\$27.5
Total Orthopedics and Tissue Technologies	\$122.9	\$125.1
Total Reported Revenues	\$354.3	\$359.7
Revenues from divested products ⁽²⁾	(0.1)	(1.4)
Revenues from discontinued products ⁽²⁾	(6.8)	(9.0)
Revenues ex divested/ discontinued products	\$347.4	\$349.2
Impact of changes in currency exchange	1.7	-
Revenues from acquisitions ⁽³⁾	(0.2)	-
Total Organic Revenues	\$348.8	\$349.2
<i>Organic Revenue Growth</i>	<i>-0.1%</i>	

(1) Revenue from certain product families was reclassified from Instruments into Neurosurgery in the first quarter of 2020. Historical data is provided on the next slide.

(2) Organic Revenue has been adjusted for 2020 and 2019 to account for divestitures and discontinued products

(3) Revenue from acquisitions includes Arkis.

Historical CSS Disaggregated Revenue Reclassification*

CSS Disaggregated Revenue as Originally Reported											
Disaggregated Revenue											
\$000's	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018 Total	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019 Total	Q1 2020
Neurosurgery	166,898	170,588	171,680	174,982	684,148	166,415	177,411	180,107	183,084	707,017	170,694
Precision Tools & Instruments	69,217	68,916	67,355	74,294	279,781	68,153	71,847	72,881	76,314	289,195	60,746
Total CSS	236,114	239,504	239,035	249,276	963,929	234,568	249,259	252,987	259,399	996,213	231,440

CSS Disaggregated Revenue Post Reclassification											
Disaggregated Revenue											
\$000's	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018 Total	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019 Total	Q1 2020
Neurosurgery	181,339	183,311	184,481	191,137	740,268	179,520	192,929	195,334	200,017	767,800	184,943
Instruments	54,776	56,193	54,554	58,138	223,661	55,049	56,329	57,654	59,381	228,413	46,497
Total CSS	236,114	239,504	239,035	249,276	963,929	234,568	249,259	252,987	259,399	996,213	231,440

* Revenue from certain product families was reclassified from Instruments into Neurosurgery in the first quarter of 2020.

First Quarter 2020 & 2019 Adjusted EBITDA Margin Reconciliation

(In millions)	Q1 2020	Q1 2019
GAAP Net Income	\$9.2	\$32.8
Depreciation and intangible asset amortization expense	29.1	27.1
Other (income), net	0.5	(3.2)
Interest expense, net	9.9	10.7
Income tax expense (benefit)	2.3	(7.9)
COVID-19 related charges	4.7	-
Convertible debt non-cash interest	2.5	-
Expenses related to debt refinancing	2.7	-
Acquisition and integration charges ⁽¹⁾	6.2	19.5
Structural optimization charges	2.9	4.8
Discontinued product lines charges	3.2	1.4
Litigation charges	0.3	1.2
EU Medical Device Regulation	2.2	1.1
Total of non-GAAP adjustments:	66.6	54.7
Adjusted EBITDA	\$75.7	\$87.4
Total Revenues	354.3	359.7
Adjusted EBITDA Margin	21.4%	24.3%

First Quarter 2020 and 2019 Adjusted EPS Reconciliation

(In millions)	Q1 2020	Q1 2019
GAAP Net Income	\$9.2	\$32.8
COVID-19 related charges	4.7	-
Convertible debt non-cash interest	2.5	-
Expenses related to debt refinancing	2.7	-
Acquisition and integration charges	6.2	19.5
Structural optimization charges	2.9	4.8
Discontinued product line charges	3.2	1.4
Litigation charges	0.3	1.2
EU Medical Device Regulation	2.2	1.1
Intangible asset amortization expense	18.7	16.6
Estimated income tax impact from adjustments and other items ⁽¹⁾	(11.3)	(21.0)
Total of non-GAAP adjustments:	32.2	23.7
Adjusted Net Income	\$41.3	\$56.4
Adjusted Diluted Net Income per Share	\$0.48	\$0.65
Weighted average common shares outstanding for diluted net income from continuing operations per share	85.9	86.3

(1) Includes one-time tax benefit of \$10.8 million related to a federal tax holiday in Switzerland, which was finalized during the quarter ended March 31, 2019.

First Quarter 2020 and 2019 (TTM) Free Cash Flow Reconciliation

(In millions)	Q1 2020	Q1 2019	TTM 2020	TTM 2019
Net Cash from Operating Activities	\$20.8	\$29.5	\$222.8	\$187.6
Purchases of Property and Equipment	(16.5)	(16.1)	(70.0)	(78.4)
Free Cash Flow	\$4.3	\$13.4	\$152.8	\$109.2
Adjusted Net Income	\$41.3	\$56.4	\$222.3	\$213.7
Adjusted Free Cash Flow Conversion	10.4%	23.8%	68.7%	51.1%

First Quarter 2020 Gross Margin Reconciliation

(In millions)	Q1 2020	Q1 2019
Reported Gross Profit	\$220.8	\$230.8
COVID-19 related charges	3.0	-
Structural optimization charges	0.5	1.1
Acquisition and integration charges	2.6	1.4
Discontinued product line charges	3.2	1.4
EU Medical Device Regulation	0.0	-
Intangible asset amortization expense	11.7	11.3
Adjusted Gross Profit	\$241.8	\$246.0
Total Revenues	\$354.3	\$359.7
Adjusted Gross Margin	68.3%	68.4%

First Quarter 2020 Adjusted SG&A Reconciliation

(In millions)	Q1 2020	Q1 2019
Reported SG&A	\$166.0	\$174.9
COVID-19 related charges	1.7	-
Structural optimization charges	2.4	3.7
Acquisition and integration charges	4.6	16.4
Litigation charges	0.3	1.2
EU Medical Device Regulation	2.1	1.1
Adjusted SG&A	\$154.7	\$152.5
Total Revenues	\$354.3	\$359.7
Adjusted SG&A (% of Revenues)	43.7%	42.4%