

Second Quarter 2016 Earnings Call Presentation

July 28, 2016



Forward-Looking Statements Safe Harbor and Non-GAAP Financial Measures

Certain statements in this presentation that are not historical in nature are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, the statements related to expectations regarding the Company’s estimates, expectations, future valuation and financial performance and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” or “will.” The Company cautions that actual results may differ materially from those projected or implied in forward-looking statements due to a variety of important factors, including: the Company’s ability to respond to the changes in its end markets that could affect demand for its products; the ability to achieve anticipated growth rates, revenues, margins and scale and to execute on the Company’s strategy generally; unanticipated changes in business relationships with customers or their purchases from the Company; weakness in global or regional economic conditions and financial markets; demand for and market acceptance of risks for new and existing products; future actions of regulatory bodies and other governmental authorities, including the FDA and foreign counterparts; the Company’s ability to secure regulatory approval for products in development; product quality or patient safety concerns leading to product recalls, withdrawals, launch delays, litigation, or declining sales; U.S. healthcare reform and other global austerity measures; changes in reimbursement and rebate policies of government agencies and private payers and changes in reimbursement for our products; product development risks; additional indications and therapeutic applications for medical products, biologics, and medical devices; inventory reductions or fluctuations in buying patterns; the availability of acceptable raw materials and component supply; the ability to enforce Company patents; the ability to achieve satisfactory operating results in the integration of acquired companies; the Company’s ability to maintain relationships with customers of acquired entities; the impact of goodwill and other intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions; and foreign currency fluctuations. 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. Additional factors are discussed in the Company’s filings with the Securities and Exchange Commission, including the company’s Annual Report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Except as required by the federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Certain non-GAAP financial measures are disclosed in this presentation. A reconciliation of these non-GAAP financial measures is available at the end of this presentation. This presentation refers to results from continuing operations (“C.O.”). A reconciliation of amounts reclassified to discontinued operations for historical periods and non-GAAP adjustments to those results are provided in the Historical Financial Results: Continuing Operations presentation on Integra’s website: <http://investor.integralife.com/> under “Events and Presentations.”

Second Quarter and YTD 2016 Financial Highlights

(\$ millions)	Q2 2016	Q2 2015	Change	Jun YTD 2016	Jun YTD 2015	Change
Revenue	\$249.3	\$212.7	17.2%	\$486.1	\$415.2	17.1%
Organic Growth*	10.7%	7.1%	+360BPS	9.8%	8.0%	+180BPS
Adj. Gross Margin*	69.2%	67.9%	+130BPS	69.2%	67.3%	+190BPS
Adj. EBITDA Margin*	21.9%	22.4%	(50BPS)	21.9%	22.0%	(10BPS)
Adj. Net Income*^	\$30.3	\$24.9	21.3%	\$58.5	\$48.9	19.6%
Adj. EPS*^^	\$0.79	\$0.75	5.3%	\$1.55	\$1.46	6.2%
Cash Flows from Operations^	\$38.1	\$42.5	(10.4%)	\$63.1	\$71.8	(12.1%)
Free Cash Flow Conversion*^ (TTM)	59.8%	80.6%	(20.8Pts)	-	-	-

*These are non-GAAP financial measures. Please see the appendix of this presentation for a reconciliation to the nearest GAAP measure.

+ Adjusted shares outstanding includes shares issued in August 2015 equity offering.

^ Includes the impact associated with the new accounting standard (FASB 2016-09) in Adj. Net Income and Adj. EPS for 2016 periods, and Cash flow from Operations and the associated Free Cash Flow Conversion for all periods. See Slides 20-21 for reconciliation of historical periods.

Second Quarter Accomplishments



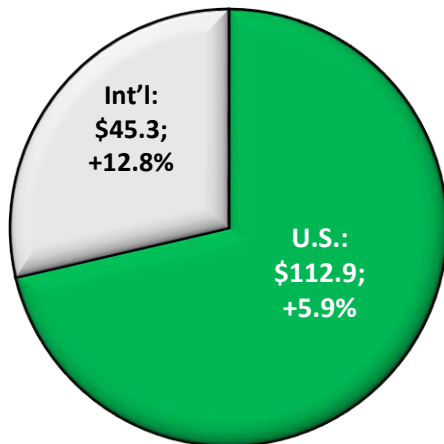
- Record organic growth led by both global segments
- International sales exceeded expectations in both global segments
- Strong ankle performance from Salto Talaris® and the Cadence™ Total Ankle System launch is on track
- Continued progress on infrastructure and supply chain optimization
- New product launches including Omnigraft™ for outpatient DFU
- Increasing full-year 2016 reported and organic sales growth

Strong First Half of 2016 – Increasing Revenue Guidance

Specialty Surgical Solutions Revenue Discussion

Second Quarter 2016
\$158.2M; +7.8% Reported

\$ in millions
As reported



****All Commentary in Constant Currency****

- Dural Repair sales increased mid-teens driven by higher demand for both DuraGen® and DuraSeal®
- Precision Tools & Instruments increased mid-single digits driven by Mayfield® 2 and specialty laproscopic and ENT instruments
- Tissue Ablation and Neuro Critical Care sales increased low to mid-single digits
- International sales increased approximately 12% based on broad strength in Europe and Asia

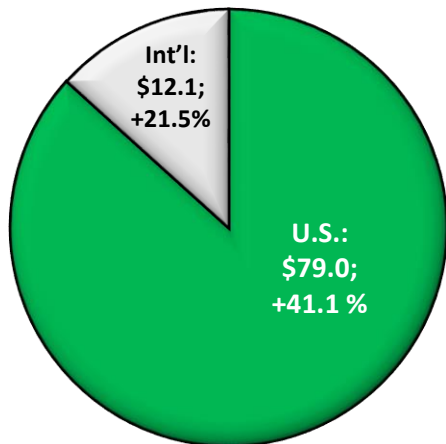
	Q2 2016	Q2 2015	Growth	Jun YTD 2016	Jun YTD 2015	Growth	Apr 2016 Guidance	Jul 2016 Guidance
Revenue	\$158.2M	\$146.7M	7.8%	\$309.3	\$286.8	7.9%	4% - 6%	5% - 7%
Organic	---	---	7.2%	---	---	7.6%	4% - 6%	5% - 7%

Raising 2016 Revenue Growth Guidance by 1 Point

Orthopedics & Tissue Technologies Revenue Discussion

Second Quarter 2016
\$91.1M; +38.2% Reported

\$ in millions
As reported



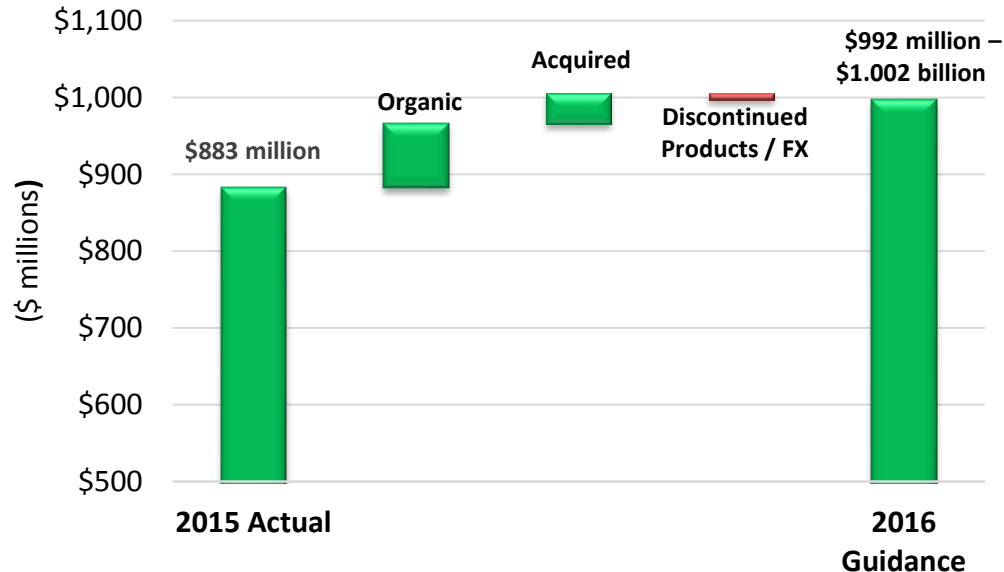
****All Commentary in Constant Currency****

- Regenerative Technologies sales, excluding acquisitions, grew mid-teens driven by skin and wound products and Private Label
- Total Regenerative Technologies sales in-line with expectations as legacy products offset weaker than anticipated TEI sales
- Titan™ shoulder led the growth in Upper Extremities
- Salto Talaris® drove Lower Extremities' strength and legacy Lower Extremities sales were up slightly
- International sales increased over 20%, driven by strength in Europe (including TEI sales) and Asia

	Q2 2016	Q2 2015	Growth	Jun YTD 2016	Jun YTD 2015	Growth	Apr 2016 Guidance	Jul 2016 Guidance
Revenue	\$91.1M	\$66.0M	38.2%	\$176.7	\$128.4	37.6%	25% - 30%	25% - 28%
Organic	---	---	18.9%			15.1%	10% - 15%	12% - 16%

Strong Q2 Performance; Raising Organic Guidance

Components of 2016 Revenue Guidance



Full Year 2016

- Acquired growth: ~4.5% (includes partial year contributions from TEI, Salto and Tekmed)
- Minimal currency impact at current rates
- Discontinued products represent a headwind of about (1.0%)

2016 Organic Growth:
~9%

2016 Reported Growth:
12% - 13.5%

Third quarter revenue expected to be roughly flat compared to Q2 2016

- Organic growth of approximately 8% over Q3 2015

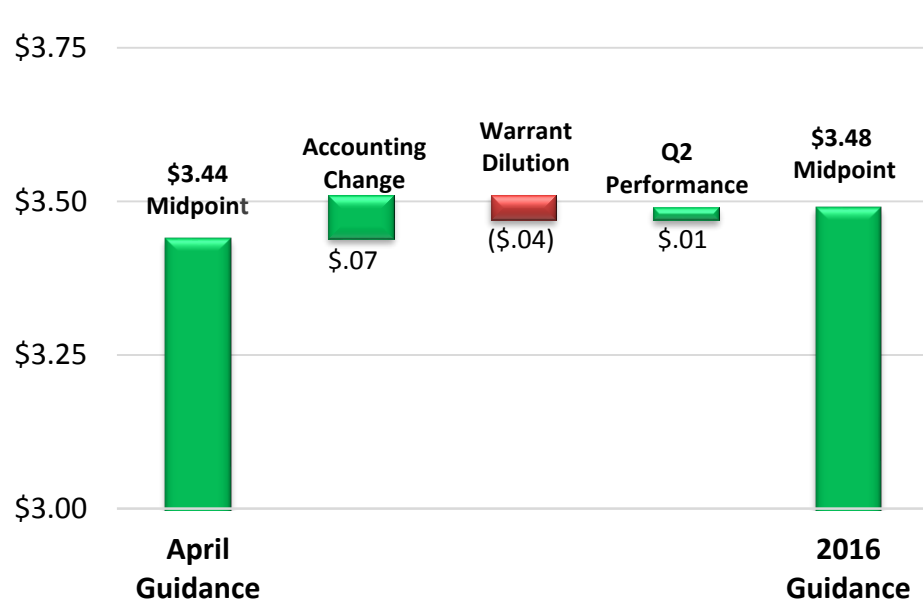
Increasing both Total Revenue and Organic Revenue Guidance

Second Quarter and YTD 2016 Results and 2016 Guidance

% of revenue	Q2 2016	Q2 2015	Change	Jun YTD 2016	Jun YTD 2015	Change	Apr 2016 Guidance	Jul 2016 Guidance
Gross Margin	64.1%	64.6%	(50BPS)	64.1%	63.8%	+30BPS	~64%	64.5% - 65%
Adj. Gross Margin*	69.2%	67.9%	+130BPS	69.2%	67.3%	+190BPS	~69%	69.5% - 70%
R&D	5.9%	5.6%	+30BPS	6.0%	5.6%	+40BPS	5.5% - 6.0%	No Chg
Adj. R&D*	5.9%	5.6%	+30BPS	6.0%	5.6%	+40BPS	5.5% - 6.0%	No Chg
SG&A	47.8%	46.7%	+110BPS	47.6%	46.4%	+120BPS	45% - 45.5%	45.5% - 46%
Adj. SG&A*	44.5%	42.8%	+170BPS	44.5%	42.9%	+160BPS	42.5% - 43%	43% - 43.5%
Net Income	\$12.8	\$12.0	6.1%	\$26.2	\$23.8	10.2%	\$67.7 - \$72.2M	\$70.5 - \$74.4M
Adj. Net Income*	\$30.3	\$24.9	21.3%	\$58.5	\$48.9	19.7%	\$128.5 - \$133M	\$132.5 - \$136.4M
Adj. EBITDA*	21.9%	22.4%	(50BPS)	21.9%	22.0%	(10BPS)	~24%	23.5% - 24%
Tax Rate	14.6%	33.3%	NM	12.6%	33.6%	NM	~24%	20% - 20.5%
Adj. Tax Rate*	27.2%	32.1%	(490BPS)	27.6%	32.1%	(450BPS)	~30%	~28%
Earnings per Share	\$0.32	\$0.35	(8.6%)	\$0.68	\$0.71	(4.2%)	\$1.73 - \$1.85	\$1.78 - \$1.88
Adj. Earnings per Share*	\$0.79	\$0.75	5.3%	\$1.55	\$1.46	6.2%	\$3.38 - \$3.50	\$3.43 - \$3.53

*These are non-GAAP financial measures. Please see the appendix of this presentation for a reconciliation to the nearest GAAP measure.

Components of 2016 Adjusted EPS Guidance Increase



Full Year 2016

- Early adoption of FASB 2016-09 update adds 7¢
- Additional warrant dilution from stock performance is a 4¢ headwind
- Slight over performance in Q2 vs expectations adds 1¢
- No change in 2H operational expectations

Increasing Adjusted EPS Guidance to \$3.43 - \$3.53

Cash Flow and Other Measures: Second Quarter and 2016 Guidance

(\$ millions)	Q2 2016	Q2 2015	Change	Apr 2016 Guidance	Jul 2016 Guidance
Operating Cash Flow [^]	\$38.1	\$42.5	(10.4%)	\$125 - \$140	\$130 - \$145
CapEx	\$8.3	\$9.6	(13.5%)	~\$40	No Chg
Free Cash Flow*	\$29.8	\$32.9	(9.4%)	\$90 - \$100	\$90 - \$105
FCF Conversion (TTM)*	59.8%	80.6%	(20.8Pts)	70% - 80%	No Chg
Depreciation	\$7.7	\$6.5	18.5%	~\$33	\$31 - \$32
Amortization	\$10.4	\$6.0	73.3%	~\$42	~\$42
Shares Out (Mil)	39.4	33.9	16.2%	39.0	39.6
Adj. Shares Out (Mil)*	38.2	33.5	14.0%	38.0	38.6

[^]Operating Cash Flow guidance for 2016 excludes approximately \$42M of expected accreted interest payment associated with the 2016 Convertible Notes.

*These are non-GAAP financial measures. Please see the appendix of this presentation for a reconciliation to the nearest GAAP measure.

Current Capital Structure

Current Capitalization	
(\$ in millions)	06/30/2016
Cash and Equivalents	\$ 86.8

Revolver (\$750.0)	\$ 140.0
Term Loan	\$ 342.5
2016 Convertible Senior Notes	\$ 227.1
Total Debt (face value)	\$ 709.6

Net Debt	\$ 622.8
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Credit Statistics	
Current Bank Leverage Ratio*	2.9x
Max Leverage Ratio	4.5x
Current Acquisition Capacity	\$ 610

*This ratio is calculated per the Senior Credit Facility agreement

Well-Positioned with Capital Structure

Key Focus Areas for 2016 and Beyond

- 1 Execute on our 2016 Financial Guidance
- 2 Successfully launch Omnigraft™ and our 3 x 3 Wound Care Strategy
- 3 Continue to drive organic growth with new product introductions / share gains:
 - Launch Salto Talaris® ankle & Cadence™ ankle
 - Continue share gains with Titan™ shoulder
 - Launch 5+ new products and international registrations
- 4 Pursue strategic M&A in specialty surgical, extremities and wound care markets

2018 Financial Targets	
Organic Revenue Growth	6 - 8%
with Acquisitions	10% + (3yr CAGR)
Adj. EBITDA Margin	~25%
Adj. Earnings Per Share Growth	12%+
Adj. FCF Conversion Ratio	~95%

Strong Start – Tracking Ahead of Our 2016 Operating Plans

Appendix

Non-GAAP Reconciliations

Second Quarter and YTD 2016 Organic Growth Reconciliation

(In thousands)	Q2 2016	Q2 2015	Jun YTD 2016	Jun YTD 2015
Specialty Surgical Solutions	\$158,163	\$146,709	\$309,338	\$286,767
Domestic	112,872	106,542	221,272	206,939
International	45,291	40,167	88,066	79,828
Orthopedics and Tissue Technologies	\$91,146	\$65,964	\$176,741	\$128,440
Domestic	79,000	55,969	151,830	108,331
International	12,146	9,995	24,911	20,109
Total Revenue	\$249,309	\$212,673	\$486,079	\$415,207
Domestic	191,872	162,511	373,102	315,270
International	57,437	50,162	112,977	99,937
Revenue from discontinued products	(1,805)	(4,462)	(4,347)	(7,951)
Revenue ex-discontinued products	\$247,504	\$208,211	\$481,732	\$407,256
Impact of changes in currency exchange	(39)	-	1,074	-
Revenue from acquisitions*	(16,965)	-	(35,600)	-
Organic Revenue	\$230,500	\$208,211	\$447,206	\$407,256
<i>Organic Revenue Growth</i>	<i>10.7%</i>		<i>9.8%</i>	

* Acquisitions include TEI, Salto and Tekmed.

Second Quarter and YTD 2016 & 2015

Adjusted EBITDA Margin Reconciliation

(In thousands)	Q2 2016	Q2 2015	Jun YTD 2016	Jun YTD 2015
GAAP net income	\$12,755	\$12,020	\$26,173	\$23,752
Depreciation and intangible asset amortization expense	18,014	12,541	36,267	24,753
Other (income) expense, net	852	860	1,590	(1,157)
Interest (income) expense, net	6,582	5,477	12,949	10,944
Income tax expense (benefit)	2,188	5,988	3,764	12,046
Global ERP implementation charges	5,696	3,610	9,020	7,423
Structural optimization charges*	1,838	3,641	3,547	5,796
Certain employee severance charges	617	253	1,267	1,299
Acquisition-related charges	6,020	3,334	12,061	6,428
Total of non-GAAP adjustments:	\$41,807	\$35,704	\$80,465	\$67,532
Adjusted EBITDA	\$54,562	\$47,724	\$106,638	\$91,284
Total Revenues	\$249,309	\$212,673	\$486,079	\$415,207
Adjusted EBITDA Margin	21.9%	22.4%	21.9%	22.0%

* For the Six Months Ended June 30, 2015, "Structural optimization charges" excludes \$(378) already included in "Other (income) expense, net" above.

Second Quarter and YTD 2016 and 2015

Adjusted EPS Reconciliation

(In thousands)	Q2 2016	Q2 2015	Jun YTD 2016	Jun YTD 2015
GAAP net income	\$12,755	\$12,020	\$26,173	\$23,752
Global ERP implementation charges	5,696	3,610	9,020	7,423
Structural optimization charges	1,838	3,641	3,547	5,418
Certain employee severance charges	617	253	1,267	1,299
Acquisition-related charges	6,020	3,334	12,061	6,428
Intangible asset amortization expense	10,351	5,992	20,888	11,957
Convertible debt non-cash interest	2,104	1,885	4,168	3,686
Estimated income tax impact from adjustments and other items	(9,120)	(5,796)	(18,600)	(11,060)
Total of non-GAAP adjustments:	\$17,506	\$12,919	\$32,351	\$25,150
Adjusted net income	\$30,261	\$24,939	\$58,524	\$48,902
Adjusted diluted net income per share	\$0.79	\$0.75	\$1.55	\$1.46
Weighted average common shares outstanding for diluted net income from continuing operations per share	39,355	33,939	38,771	33,644
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	(1,142)	(477)	(898)	(268)
Weighted average common shares outstanding for adjusted diluted net income per share	38,213	33,462	37,873	33,376

Second Quarter and YTD 2016 and 2015 (TTM) Free Cash Flow Conversion Reconciliation

(In thousands)	Q2 2016	Q2 2015	TTM 2016	TTM 2015
GAAP Net cash provided by operating activities*	\$38,079	\$42,509	\$108,362	\$117,068
Purchases of Property and Equipment	(8,267)	(9,623)	(37,622)	(34,172)
Free Cash Flow	\$29,812	\$32,886	\$70,740	\$82,896
Adjusted net income	\$30,261	\$24,939	\$118,243	\$102,894
Adjusted Free Cash Flow Conversion	98.5%	131.9%	59.8%	80.6%

*For periods prior to 2016, operating cash flow has been adjusted for FASB 2016-09, however, P&L impacts prior to 2016 will not be revised.

Second Quarter and YTD 2016 Gross Margin Reconciliation

(In thousands)	Q2 2016	Q2 2015	Jun YTD 2016	Jun YTD 2015
Reported Gross Profit	\$159,744	\$137,422	\$311,741	\$264,735
Structural optimization charges	1,008	2,047	1,993	3,927
Certain employee severance charges	317	-	528	-
Acquisition-related charges	4,644	587	8,296	2,444
Intangible asset amortization expense	6,880	4,245	13,945	8,481
Adjusted Gross Profit	\$172,593	\$144,301	\$336,503	\$279,587
Total Revenues	\$249,309	\$212,673	\$486,079	\$415,207
Adjusted Gross Margin	69.2%	67.9%	69.2%	67.3%

Second Quarter and YTD 2016 Adjusted SG&A Reconciliation

(In thousands)	Q2 2016	Q2 2015	Jun YTD 2016	Jun YTD 2015
Reported SG&A	\$119,217	\$99,318	\$231,192	\$192,583
Global ERP implementation charges	5,696	3,610	9,020	7,423
Structural optimization charges	830	1,594	1,554	1,869
Certain employee severance charges	300	253	739	1,299
Acquisition-related charges	1,376	2,747	3,765	3,984
Adjusted SG&A	\$111,015	\$91,114	\$216,114	\$178,008
Total Revenues	\$249,309	\$212,673	\$486,079	\$415,207
Adjusted SG&A (% of Revenue)	44.5%	42.8%	44.5%	42.9%

Impact of Adoption of FASB Update 2016-09 on Q1 2016 Results

(In thousands)	GAAP			Adjusted		
	Post FASB Update	Reported	Change	Post FASB Update	Reported	Change
SG&A	\$111,975	\$111,956	\$19	\$105,099	\$105,080	\$19
Pretax Income	\$14,995	\$15,014	(\$20)	\$39,319	\$39,337	(\$19)
Tax	\$1,576	\$3,366	(\$1,790)	\$11,056	\$11,713	(\$657)
Net Income	\$13,419	\$11,648	\$1,770	\$28,263	\$27,624	\$638
Shares Out (Mil)	38,233	38,141	\$97	37,580	\$37,488	\$92
Earnings per Share	\$0.35	\$0.31	\$0.04	\$0.75	\$0.74	\$0.01
Cash Flow from Operations	25,030	19,171	\$5,859	25,030	19,171	\$5,859

Impact of Adoption of FASB Update 2016-09 on 2014 & 2015 Operating Cash Flow

Quarter	Post FASB Update	Reported	Change
Q114	\$3,993	\$2,756	\$1,237
Q214	\$13,692	\$11,505	\$2,187
Q314	\$27,038	\$26,683	\$355
Q414	\$18,219	\$17,899	\$320
Q115	\$29,302	\$24,891	\$4,411
Q215	\$42,509	\$37,060	\$5,449
Q315	\$19,613	\$19,349	\$264
Q415	\$25,640	\$25,393	\$247

* Impact to Operating Cash Flow offset by Financing Cash Flow