



Integra Earnings Call Presentation

Second Quarter 2017

Safe Harbor Statement

This presentation contains “forward-looking statements”, including statements regarding the proposed Codman Neurosurgery acquisition and the ability to consummate the proposed transaction. Statements in this document may contain, in addition to historical information, certain forward-looking statements. Some of these forward-looking statements may contain words like “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 in this document include without limitation statements regarding the planned completion of the proposed acquisition, the benefits of the proposed acquisition, including future financial and operating results, Integra’s, the Codman Neurosurgery business’s plans, objectives, expectations and intentions and the expected timing of completion of the proposed acquisition. It is important to note that Integra’s goals and expectations are not predictions of actual performance. Actual results may differ materially from Integra’s current expectations depending upon a number of factors affecting the Codman Neurosurgery business, and Integra’s business and risks and uncertainties associated with acquisition transactions. These factors include, among other things, the following: successful closing of the proposed acquisition; the ability to obtain required regulatory approvals for the proposed acquisition (including the approval of antitrust authorities necessary to complete the proposed acquisition), the timing of obtaining such approvals and the risk that such approvals may result in the imposition of conditions, including with respect to divestitures, that could materially adversely affect Integra, the Codman Neurosurgery business and the expected benefits of the proposed acquisition; the risk that a condition to closing of the proposed acquisitions may not be satisfied on a timely basis or at all, the failure of the proposed acquisitions to close for any other reason and the risk liability to Integra in connection therewith; access to available financing (including financing for the acquisitions) on a timely basis and on reasonable terms; the effects of disruption caused by the proposed acquisitions making it more difficult for Integra to execute its operating plan effectively or to maintain relationships with employees, vendors and other business partners; stockholder litigation in connection with the proposed acquisitions; Integra’s ability to successfully integrate the Codman Neurosurgery and Derma businesses and other acquired businesses; global macroeconomic and political conditions; the difficulty of predicting the timing or outcome of product development efforts and regulatory agency approvals or actions, if any; physicians’ willingness to adopt and third-party payers’ willingness to provide reimbursement for Integra’s, and the Codman Neurosurgery business’s existing, recently launched and planned products; difficulties or delays in manufacturing; the availability and pricing of third party sourced products and materials; and other risks and uncertainties discussed in Integra’s filings with the SEC, including the “Risk Factors” sections of Integra’s Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent quarterly reports on Form 10-Q. Integra undertakes no obligation to update any forward-looking statements as a result of new information, future developments or otherwise, except as expressly required by law. All forward-looking statements in this document are qualified in their entirety by this cautionary statement.

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Non-GAAP Financial Measures

In addition to our GAAP results, we provide organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income, adjusted EPS, free cash flow and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, acquired revenues and product discontinuances. Adjusted EBITDA consists of GAAP net income from continuing operations, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) and those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income from continuing operations, excluding: (i) global enterprise resource planning ("ERP") implementation charges; (ii) structural optimization charges; (iii) certain employee severance charges; (iv) acquisition-related charges; (v) convertible debt noncash interest; (vi) intangible asset amortization expense; (vii) discontinued product lines charges and (viii) income tax impact from adjustments and other items. The adjusted EPS 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 continuing operating activities from continuing operations 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 the various organic revenue, adjusted EBITDA, adjusted net income, adjusted EPS, free cash flow, and free cash flow conversion 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.

Second Quarter Key Messages

INTEGRA NEW PRODUCT INTRODUCTIONS



DERMA SCIENCES



CODMAN NEURO



Second quarter 2017 revenue of \$282.2M, up 13.2%:

- + Derma Sciences outperforming, raising full-year revenue guidance
- + Advanced wound care on track to exceed full-year targets
- + Total ankle and shoulder sales achieved record performance
- + OTT regenerative products grew double-digits
- + Building strong funnel of opportunities for CUSA® Clarity
- Total company second quarter organic growth at 4.6%
- Dural Repair growth lower than expectations of high single digit growth

Strong profitability and cash flow results:

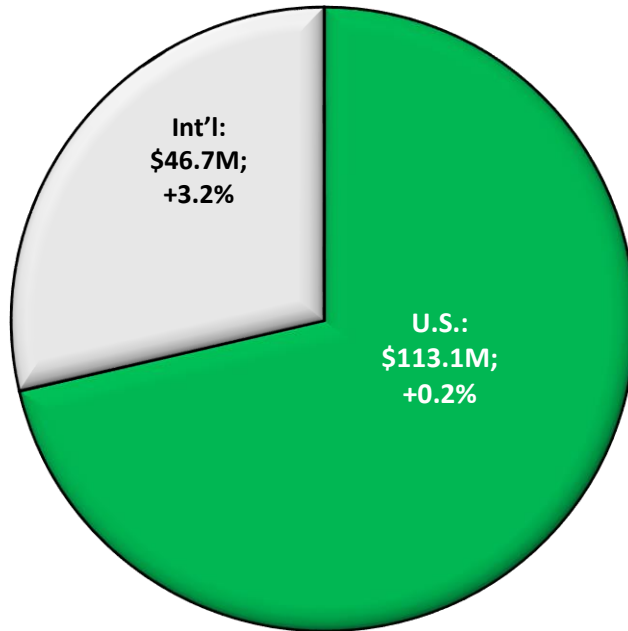
- + Adjusted EBITDA margin of 22.2%, adjusted free cash flow conversion of over 72.4% (TTM)
- + Adjusted net income and adjusted EPS both grew double digits

Planned acquisition of Codman Neurosurgery on track for Q4 close

***Achieved Strong Profitability and Cash Flow Results in the Quarter;
with Lower than Projected Organic Growth in Specialty Surgical in the Quarter***

Specialty Surgical Solutions Revenue

Second Quarter 2017
\$159.9M; +1.1% Reported



- Dural Repair sales increased ~4%
- Precision Tools & Instruments increased low single digits driven by MAYFIELD®2 and MicroFrance®
- CUSA® Clarity on track with strong funnel of opportunities; capital sales up double digits in Q2
- International sales increased single digits based on strength in Asia Pacific (China)

*All Commentary in Constant Currency

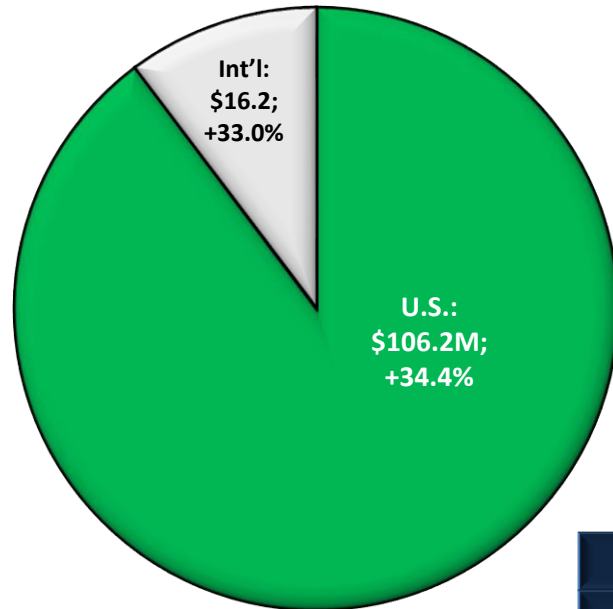
	Q2 2017	Q2 2016	Growth	Jun YTD 2017	Jun YTD 2016	Growth	April 2017 Guidance	July 2017 Guidance
Revenue	\$159.9M	\$158.2M	1.1%	\$316.1	\$309.3M	2.2%	3.5% - 5.5%	3 - 4%
Organic	----	----	1.5%	----	----	2.8%	4.5% - 6.5%	3 - 4%

Revising SSS Guidance to 3 - 4%, Based On Lower Dural Repair Forecast; However, Overall SSS Growth Expected to Accelerate in 2H

(1) Guidance does not include the impact from the planned acquisition of Codman Neurosurgery

Orthopedic & Tissue Technologies Revenue

Second Quarter 2017
\$122.3M; +34.2% Reported



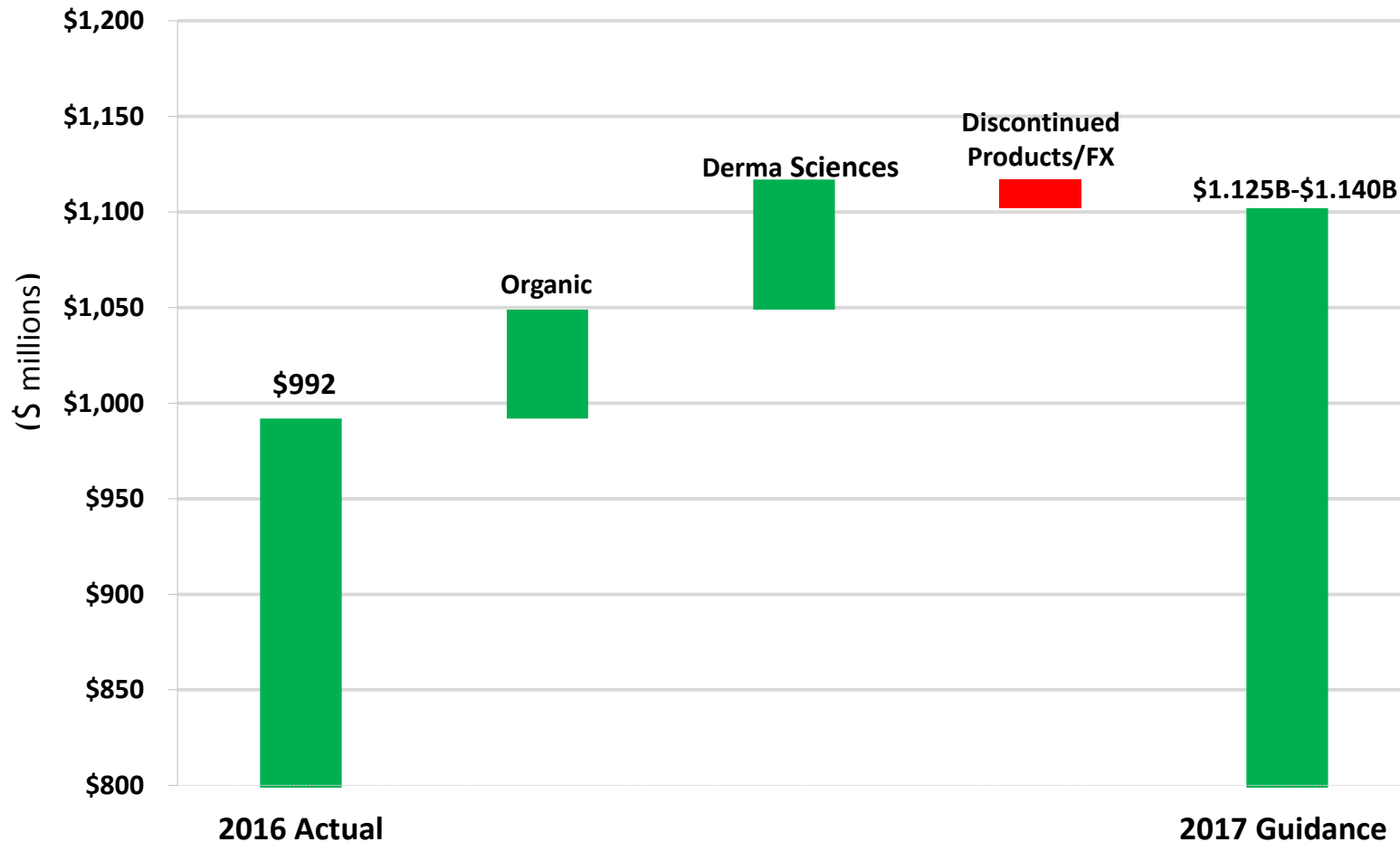
- Regenerative Technology sales increased double digits, excluding Derma Sciences
- Derma Sciences sales outperforming expectations; raising 2017 guidance
- Advanced Wound Care on track to exceed \$60M pro forma estimate
- Total ankle and shoulder both grew double digits
- International organic sales were up high-single digits

*All Commentary in Constant Currency

	Q2 2017	Q2 2016	Growth	Jun YTD 2017	Jun YTD 2016	Growth	April 2017 Guidance	July 2017 Guidance
Revenue	\$122.3M	\$91.1M	34.2%	\$224.7M	\$176.7M	27.1%	27% - 32%	31% - 35%
Organic	----	----	9.9%	----	----	10.2%	9% - 14%	9% - 14%

***Raising Total OTT Revenue Guidance ~3 Points with Strength in Derma Sciences;
 No Change to Organic Growth Guidance***

Components of 2017 Revenue Guidance



Full Year 2017

- Organic growth revised down \$10 million
- Derma Sciences revised up from \$70 million to \$80 million
- 2H FX expected to be less of an impact
- Discontinued products represent a headwind of about (0.5%)
- Codman Neurosurgery excluded from guidance

**2017 Organic Growth:
6.0% - 7.0%**

**2017 Reported Growth:
13.0% to 15.5%**

Tightening Full-Year Revenue Guidance to \$1.125 - \$1.140 Billion
Third Quarter 2017 Revenue Guidance Range of \$284 million to \$289 million, ~6% Organic

Q2 2017 & YTD Results and 2017 Guidance

% of revenue	Q2 2017	Q2 2016	Delta Δ	Q2 YTD 2017	Q2 YTD 2016	Delta Δ	April 2017 Guidance	July 2017 Guidance
Gross Margin	64.9%	64.1%	+80BPS	65.7%	64.1%	+160BPS	65% - 66%	No Change
Adj. Gross Margin ⁽¹⁾	68.4%	69.2%	(80BPS)	69.3%	69.2%	+10BPS	69% - 70%	~69%
R&D	5.6%	5.9%	(30BPS)	5.8%	6.0%	(20BPS)	~6%	No Change
SG&A	51.4%	47.8%	+360BPS	53.2%	47.6%	+560BPS	51% - 52%	No Change
Adj. SG&A ⁽¹⁾	43.9%	44.5%	(60BPS)	45.0%	44.5%	50 BPS	43% - 44%	No Change
Net Income	\$10.8	\$12.8	(15.6%)	\$17.2	\$26.2	(34.4%)	\$39.3 - \$43.8	No Change
Adj. Net Income ⁽¹⁾	\$35.4	\$30.3	16.8%	\$66.3	\$58.5	+13.3%	\$149.5 - \$153.5	No Change
Adj. EBITDA ⁽¹⁾	22.2%	21.9%	30BPS	21.8%	21.9%	(10BPS)	23% - 24%	~23.5%

Tax Rate	(35.4%)	14.6%	NM	(35.2%)	12.6%	NM	~15%	No Change
Adj. Tax Rate ⁽¹⁾	24.4%	27.2%	(280BPS)	24.7%	27.6%	(290BPS)	25% - 26%	24% - 25%
Earnings per Share	\$0.14	\$0.16	(12.5%)	\$0.22	\$0.34	(35.3%)	\$0.49 - \$0.55	No Change
Adj. Earnings per Share ⁽¹⁾	\$0.45	\$0.40	+12.5%	\$0.84	\$0.77	+9.1%	\$1.88 - \$1.94	No Change

No change to full-year adjusted EPS; Q3 2017 adjusted EPS expected to be slightly up from Q2 2017

(1) Represents non-GAAP financial measures. Please see the appendix of this presentation for a reconciliation to the nearest GAAP measure.

Cash Flow and Other Metrics: Q2 Results and 2017 Guidance

(\$ millions)	Q2 2017	Q2 2016	Delta Δ	April 2017 Guidance	July 2017 Guidance
Operating Cash Flow	\$28.9	\$38.1	(24.1%)	\$115 - \$145	No Change
Capital Expenditures	\$12.8	\$8.3	(54.2%)	~\$50 - \$55	No Change
Free Cash Flow ⁽¹⁾	\$16.1	\$29.8	(46.3%)	\$65 - \$90	No Change
FCF Conversion (TTM) ⁽¹⁾	72.4%	59.8%	12.6Pts	40% - 60%	No Change

Depreciation	\$9.1	\$7.7	18.2%	~\$35M	No Change
Amortization	\$12.5	\$10.4	20.2%	~\$48M	No Change
Shares Outstanding (in millions)	79.0	78.7	0.4%	79.0 – 79.5	No Change
Adj. Shares Outstanding (in millions) ⁽¹⁾	79.0	76.4	3.4%	79.0 – 79.5	No Change

Operating cash flow & free cash flow conversion on track to full year guidance

(1) Represents non-GAAP financial measures. Please see the appendix of this presentation for a reconciliation to the nearest GAAP measure.

Capital Structure

Current Capitalization	
(\$ in millions)	6/30/2017
Cash and Equivalents	\$ 155

Revolver (\$1,000)	\$ 380
Term Loan [@]	\$ 500
Total Debt (face value)	\$ 880

Net Debt	\$ 725
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[@] Does not include \$700m incremental term loan with delayed draw feature.

Credit Statistics	
Bank Leverage Ratio*	2.7x
Max Leverage Ratio	4.5x
Current Revolver Capacity[@]	\$ 620

Dec. 31, 2017 - Pro Forma Leverage	
Bank Leverage Ratio [^]	<4.5x
Max Leverage Ratio	5.5x

*This ratio is calculated per the Senior Credit Facility agreement

[^] Per new credit facility and financings associated with planned acquisition for Codman Neurosurgery

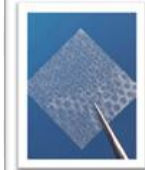
Pro forma leverage post-Codman expected to be <4.5x bank leverage ratio

Key Focus Areas for 2017 and Beyond



Execute on our 2017 financial targets

Focus on integration of Derma Sciences and closing of Codman Neurosurgery



Advanced Wound Care: Increase regenerative technology commercial investments and new product launches

- Build upon advanced wound care strategy and channel expansion
- Enhance market access and health economics value proposition

Drive organic growth with new product introductions, channel expansion and geographic reach

- Gain share in the ankle arthroplasty market with Cadence® and Salto Talaris®
- Make commercial investments focused in Orthopedics & Tissue Technologies and International channels





Appendix & Non-GAAP Reconciliations

Second Quarter and YTD 2017 Organic Growth Reconciliation

(In thousands)	Q2 2017	Q2 2016	Q2 YTD 2017	Q2 YTD 2016
Specialty Surgical Solutions	\$159,857	\$158,163	\$316,147	\$309,338
Orthopedics and Tissue Technologies	\$122,307	\$91,146	\$224,654	\$176,741
Total Revenue	\$282,164	\$249,309	\$540,801	\$486,079
Revenue from discontinued products	(514)	(1,805)	(946)	(4,347)
Revenue ex-discontinued products	\$281,650	\$247,504	\$539,855	\$481,732
Impact of changes in currency exchange	1,160	-	2,526	-
Revenue from acquisitions ⁽¹⁾	(24,028)	-	(34,432)	-
Organic Revenue	\$258,782	\$247,504	\$507,949	\$481,732
<i>Organic Revenue Growth</i>	<i>4.6%</i>		<i>5.4%</i>	

(1) Acquisitions include Derma Sciences & TGX Medical.

Second Quarter and YTD 2017 & 2016 | Adjusted EBITDA Margin Reconciliation

(In thousands)	Q2 2017	Q2 2016	Q2 YTD 2017	Q2 YTD 2016
GAAP net income	\$10,835	\$12,755	\$17,230	\$26,173
Depreciation and intangible asset amortization expense	21,594	18,014	41,311	36,267
Other (income) expense, net	603	852	693	1,590
Interest (income) expense, net	6,117	6,582	11,241	12,949
Income tax expense (benefit)	(2,833)	2,188	(4,482)	3,764
Global ERP implementation charges	834	5,696	3,261	9,020
Structural optimization charges	1,806	1,838	3,392	3,547
Certain employee severance charges	0	617	125	1,267
Acquisition-related charges	23,698	6,020	44,015	12,061
Discontinued product lines charges	-	-	1,025	-
Total of non-GAAP adjustments:	\$51,819	\$41,807	\$100,582	\$80,465
Adjusted EBITDA	\$62,654	\$54,562	\$117,812	\$106,638
Total Revenues	\$282,164	\$249,309	\$540,801	\$486,079
Adjusted EBITDA Margin	22.2%	21.9%	21.8%	21.9%

Second Quarter and YTD 2017 & 2016 | Adjusted EPS Reconciliation

(In thousands)	Q2 2017	Q2 2016	Q2 YTD 2017	Q2 YTD 2016
GAAP net income	\$10,835	\$12,755	\$17,230	\$26,173
Global ERP implementation charges	834	5,696	3,261	9,020
Structural optimization charges	1,806	1,838	3,392	3,547
Certain employee severance charges	-	617	125	1,267
Acquisition-related charges	23,698	6,020	44,015	12,061
Discontinued product line charges	-	-	1,025	
Intangible asset amortization expense	12,497	10,351	23,464	20,888
Convertible debt non-cash interest	-	2,104	-	4,168
Estimated income tax impact from adjustments and other items	(14,276)	(9,120)	(26,226)	(18,600)
Total of non-GAAP adjustments:	\$24,559	\$17,506	\$49,056	\$32,351
Adjusted net income	\$35,394	\$30,261	\$66,286	\$58,524
Adjusted diluted net income per share	\$0.45	\$0.40	\$0.84	\$0.77
Weighted average common shares outstanding for diluted net income from continuing operations per share	78,963	78,710	78,703	77,542
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	-	(2,284)	-	(1,796)
Weighted average common shares outstanding for adjusted diluted net income per share	78,963	76,426	78,703	75,746

Second Quarter and YTD 2017 & 2016 (TTM)

Free Cash Flow Conversion Reconciliation

(In thousands)	Q2 2017	Q2 2016	TTM 2017	TTM 2016
GAAP Net cash provided by operating activities ⁽¹⁾	\$28,871	\$38,079	\$153,829	\$108,362
Purchases of Property and Equipment	(12,819)	(8,267)	(50,174)	(37,622)
Free Cash Flow	\$16,052	\$29,812	\$103,655	\$70,740
Adjusted net income	\$35,394	\$30,261	\$143,122	\$118,243
Adjusted Free Cash Flow Conversion	45.4%	98.5%	72.4%	59.8%

(1) 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 2017 & 2016 Gross Margin Reconciliation

(In thousands)	Q2 2017	Q2 2016	Q2 YTD 2017	Q2 YTD 2016
Reported Gross Profit	\$183,166	\$159,744	\$355,218	\$311,741
Structural optimization charges	974	1,008	1,872	1,993
Certain employee severance charges	-	317	-	528
Acquisition-related charges	1,887	4,644	2,529	8,296
Discontinued product line charges	-	-	1,025	-
Intangible asset amortization expense	7,078	6,880	13,944	13,945
Adjusted Gross Profit	\$193,105	\$172,593	\$374,588	\$336,503
Total Revenues	\$282,164	\$249,309	\$540,801	\$486,079
Adjusted Gross Margin	68.4%	69.2%	69.3%	69.2%

(1) 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 2017 & 2016 SG&A Reconciliation

(In thousands)	Q2 2017	Q2 2016	Q2 YTD 2017	Q2 YTD 2016
Reported SG&A	\$145,015	\$119,217	\$287,512	\$231,192
Global ERP implementation charges	834	5,696	3,261	9,020
Structural optimization charges	832	830	1,520	1,554
Certain employee severance charges	-	300	125	739
Acquisition-related charges	19,548	1,376	39,222	3,765
Adjusted SG&A	\$123,801	\$111,015	\$243,384	\$216,114
Total Revenues	\$282,164	\$249,309	\$540,801	\$486,079
Adjusted SG&A (% of Revenue)	43.9%	44.5%	45.0%	44.5%