



# **Q4 2020 Earnings Call**

**February 18, 2021**

# Safe Harbor Statement

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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 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 divestiture, acquisition and integration-related charges, litigation charges, intangible asset amortization, structural optimization charges, EU Medical Device Regulation-related charges, convertible debt non-cash interest, and income tax expense (benefit) related to non-GAAP adjustments and other items. 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: the impact of COVID-19 on the Company; the Company's ability to execute its operating plan effectively; the Company's ability to successfully integrate ACell, Inc., and other acquired businesses; the Company's ability to achieve sales growth in a timely fashion and execute on its channel reorganization in its Tissue Technologies segment; 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 Company's ability to manage its direct sales channels effectively; the sales performance of third-party distributors on whom the Company relies to generate revenue for certain products and geographic regions; the Company's ability to maintain relationships with customers of acquired entities and businesses; 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; downward pricing pressures from customers; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems violations; fluctuations in hospitals' spending for capital equipment; 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; difficulties in controlling expenses, including costs to procure and manufacture our products; the impact of changes in management or staff levels; the impact of goodwill and intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions, the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control non-product costs; the Company's ability to achieve anticipated growth rates, margins and scale and execute its strategy generally; the amount and timing of divestiture, acquisition and integration-related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; 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, 2020 to be filed 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

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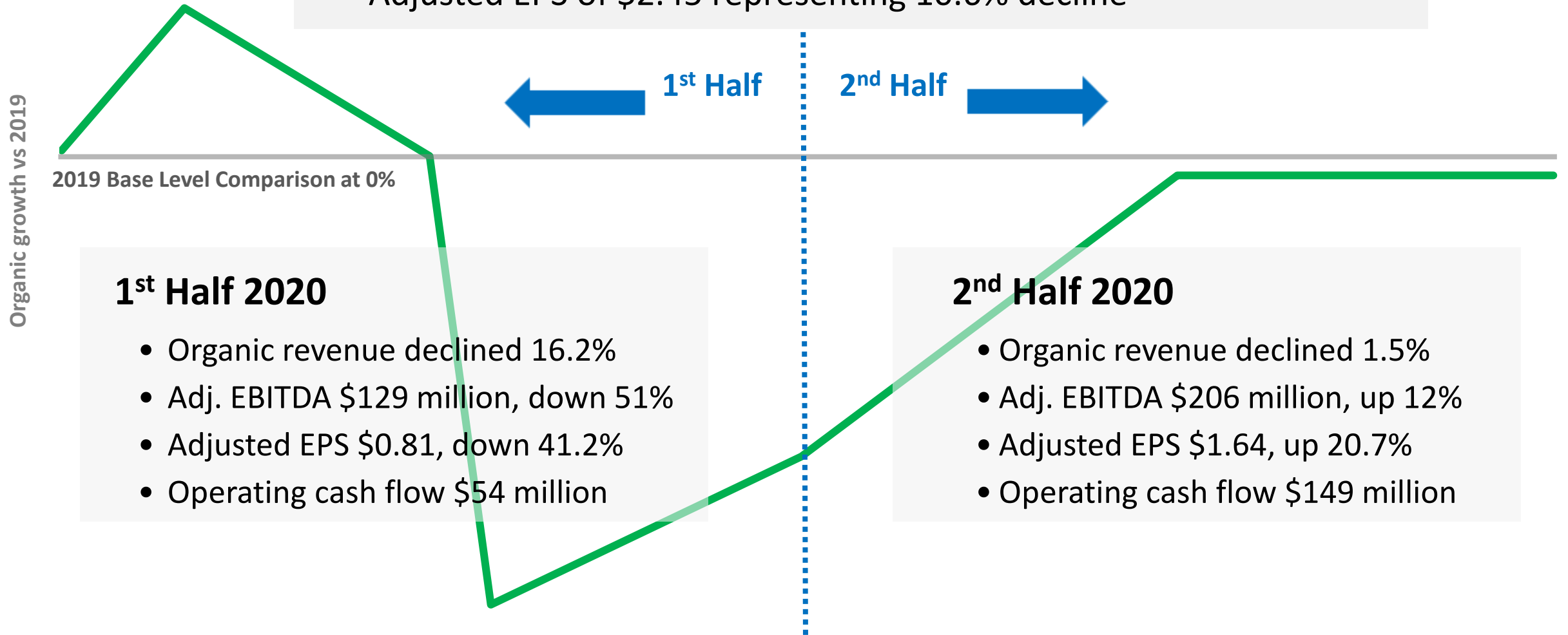
In addition to our GAAP results, we provide certain non-GAAP measures, including organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income, adjusted earnings per diluted share, free cash flow and adjusted free cash flow conversion. Organic 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) divestiture, acquisition and integration-related charges; (iii) discontinued product lines charges; (iv) EU Medical Device Regulation-related charges; (v) COVID-19 related charges; (vi) convertible debt non-cash interest; (vii) intangible asset amortization expense; (viii) litigation charges; and (ix) 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.

Reconciliations of GAAP revenues to adjusted revenues and GAAP adjusted net income to adjusted EBITDA, and adjusted net income, and GAAP earnings per diluted share to adjusted earnings per diluted share all for the quarters ended December 31, 2020 and 2019, and the free cash flow and free cash flow conversion for the quarters ended December 31, 2020 and 2019, appear in the financial tables in this release.

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. For further information regarding why Integra believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at [www.sec.gov](http://www.sec.gov) or on our website at [www.integralife.com](http://www.integralife.com).

# 2020 Year in Review

Revenues of \$1.37 billion representing 8.7% organic revenue decline  
Adjusted EPS of \$2.45 representing 10.6% decline



## 1<sup>st</sup> Half 2020

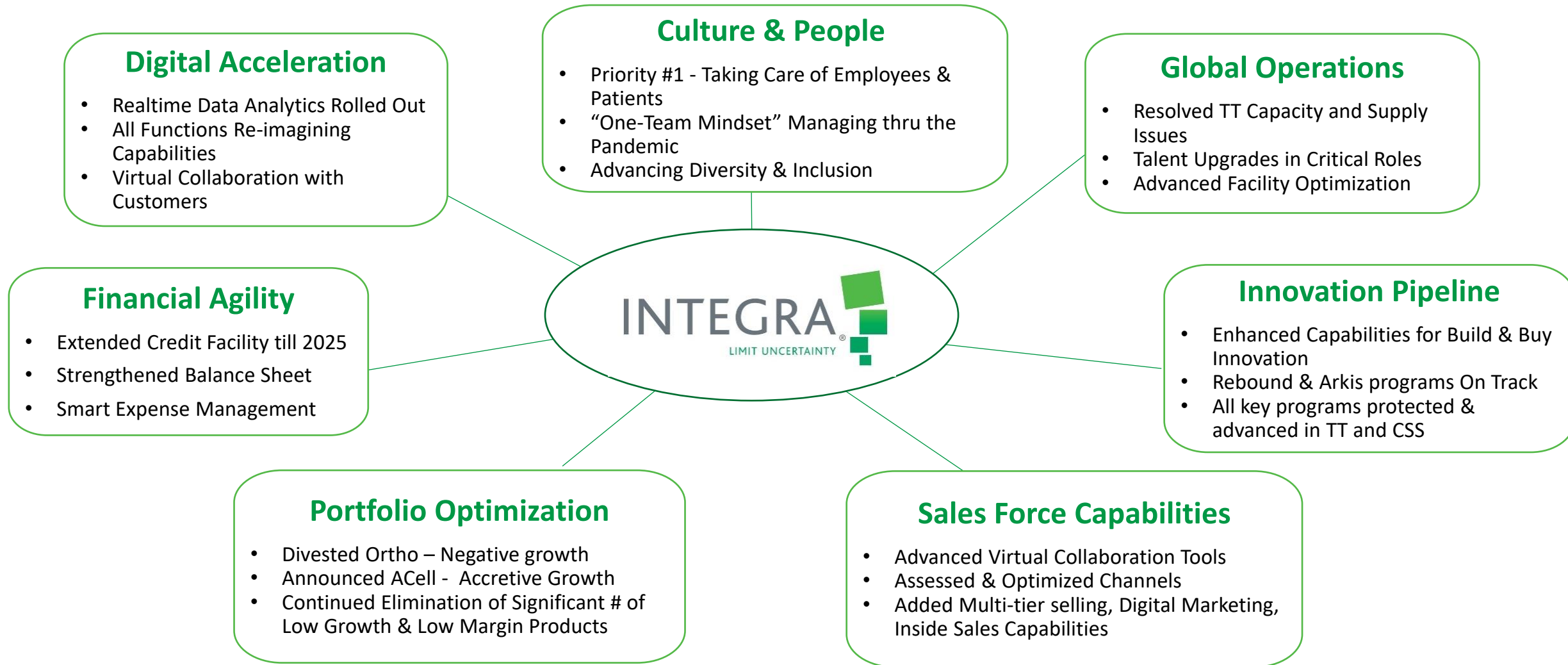
- Organic revenue declined 16.2%
- Adj. EBITDA \$129 million, down 51%
- Adjusted EPS \$0.81, down 41.2%
- Operating cash flow \$54 million

## 2<sup>nd</sup> Half 2020

- Organic revenue declined 1.5%
- Adj. EBITDA \$206 million, up 12%
- Adjusted EPS \$1.64, up 20.7%
- Operating cash flow \$149 million





Note: 1<sup>st</sup> Half / 2<sup>nd</sup> Half comparisons are to prior year 1H/2H

# Optimizing Integra in 2020



**Significant progress in challenging times ... Company poised for accelerated growth**

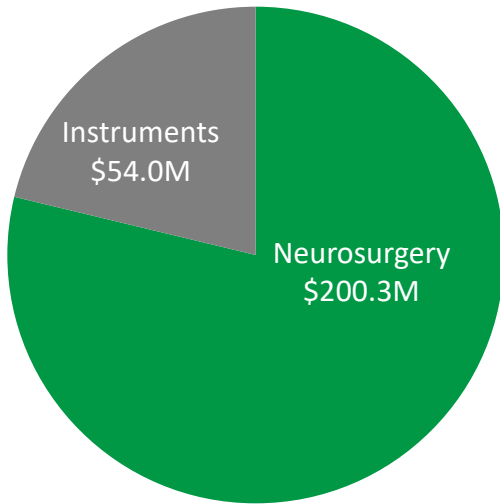
# Fourth Quarter Financial 2020 Highlights

Revenue \$388.6M	(1.6%)		+5.0% Sequentially	<ul style="list-style-type: none"> <li>Continued recovery despite COVID surges in Nov. / Dec.</li> </ul>
Organic Revenue Growth	(1.5%)		~Flat Ex-Capital	<ul style="list-style-type: none"> <li>Total organic excluding capital</li> </ul>
			~Flat US organic	<ul style="list-style-type: none"> <li>US CSS excluding capital, ~2%</li> <li>US OTT excluding ortho, ~Flat</li> </ul>
Adjusted EBITDA Margin	26.4%		+320 bps	<ul style="list-style-type: none"> <li>Driven by favorable mix and continued cost management</li> </ul>
Adjusted EPS	\$0.84		+23.5%	<ul style="list-style-type: none"> <li>Demonstrates earnings power with revenue growth</li> </ul>

Note: Comparisons to Q4 2019 unless otherwise indicated

# Codman Specialty Surgical

Fourth Quarter 2020 Revenues  
\$254.3M; (2.0%) YoY growth<sup>(1)</sup>



\$ in millions as reported

	Q4 2020 Growth <sup>(2)</sup>	Performance Drivers
Neurosurgery	(1.3%)	<ul style="list-style-type: none"> <li>Dural Access &amp; Repair increased low single-digits; CSF Mgmt. increased mid-single digits; Neuromonitoring increased low double-digits; Capital sales lagged, but consumables increased low single-digits</li> <li>Strength in China and Japan, offset by Indirect Markets</li> </ul>
Instruments	(2.3%)	
International	Declined low single-digits	

\*All commentary represents organic performance

Revenues	Q4 2020	Q4 2019	Growth	FY 2020	FY 2019	Growth
Reported	\$254.3M	\$259.4M	(2.0%)	\$894.8M	\$996.2M	(10.2%)
Organic <sup>(3)</sup>	\$244.9M	\$248.8M	(1.6%)	\$869.9M	\$954.6M	(8.9%)

**Fourth quarter CSS organic, ex-capital growth of 0.5%**

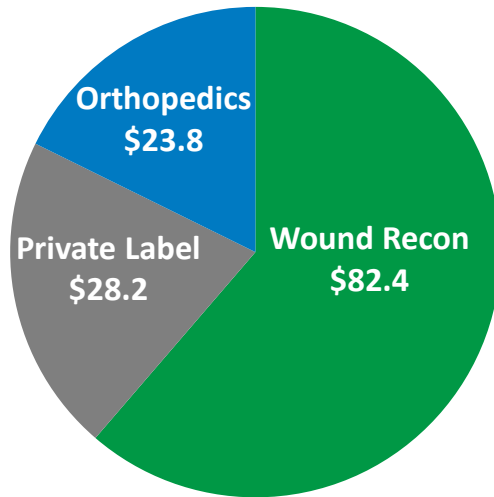
(1) Prior period amounts were reclassified between categories within CSS to conform to current presentation. Historical amounts can be found in the Appendix to this presentation.

(2) All commentary represents organic performance

(3) Amount excludes \$5.4M in Q4 2020 and \$10.6M in Q4 2019 and \$20.7M and \$41.6M for FY 2020 and FY 2019 respectively, related to acquisitions, divested and discontinued products.

# Orthopedics & Tissue Technologies

**Fourth Quarter 2020 Revenues**  
\$134.4M; (1.0%) YoY Growth



\$ in millions as reported

	Q4 2020 Growth <sup>(1)</sup>	Performance Drivers
Wound Reconstruction	(1.5%)	<ul style="list-style-type: none"> <li>Integra skin increased low-single digits, SurgiMend®, Nerve and Amniotics increased double digits vs. prior year</li> <li>Private Label performed in line with expectations</li> <li>International declines driven by Orthopedics</li> </ul>
Private Label	2.0%	
Orthopedics	(4.6%)	
International	Declined double-digits	

\*All commentary represents organic performance

Revenues	Q4 2020	Q4 2019	Growth	FY 2020	FY 2019	Growth
Reported	\$134.4M	\$135.7M	(1.0%)	\$477.0M	\$521.4M	(8.5%)
Organic <sup>(2)</sup>	\$133.5M	\$135.3M	(1.3%)	\$475.2M	\$518.9M	(8.4%)

**Fourth quarter OTT organic, ex-orthopedics (0.7%)**

(1) All commentary represents organic performance

(2) Amount excludes \$0.3M in Q4 2020 and \$0.4M in Q4 2019 and \$1.4M and \$2.5M for FY 2020 and FY 2019 respectively, related to divested and discontinued products.



# Fourth Quarter and Full-Year 2020 Results

% of Revenues	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Total Revenues	\$388.6	\$395.1	(1.6%)	\$1,371.9	\$1,517.6	(9.6%)
Gross Margin	62.2%	62.2%	-0BPS	62.0%	62.8%	-80BPS
Adj. Gross Margin <sup>(1)</sup>	68.2%	67.2%	+100BPS	68.0%	67.5%	+50BPS
Net Income	\$92.7	\$15.3	505.9%	\$133.9	\$50.2	166.7%
Adj. Net Income <sup>(1)</sup>	\$71.3	\$58.9	21.1%	\$208.7	\$237.4	(12.1%)
Adj. EBITDA Margin <sup>(1)</sup>	26.4%	23.2%	+320BPS	24.4%	24.3%	+10BPS
Diluted Shares Out (M)	84.9	86.8	(2.2%)	85.2	86.5	(1.5%)
Earnings per Share	\$ 1.09	\$ 0.18	505.6%	\$ 1.57	\$ 0.58	170.7%
Adj. Earnings per Share <sup>(1)</sup>	\$ 0.84	\$ 0.68	23.5%	\$ 2.45	\$ 2.74	(10.6%)

**Adjusted Gross Margins and EBITDA margins improved year over year**

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

Note: Numbers may not add due to rounding

# Cash Flow and Other Measures

(In millions)	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Operating Cash Flow	\$80.3	\$89.2	(10.0%)	\$203.8	\$231.4	(11.9%)
CapEx	\$8.4	\$22.2	(62.2%)	\$38.9	\$69.5	(44.1%)
Free Cash Flow <sup>(1)</sup>	\$71.9	\$67.0	7.3%	\$164.9	\$161.9	1.9%
FCF Conversion <sup>(1)</sup>	100.8%	113.8%	(13Pts)	79.0%	68.2%	+10.8Pts
Depreciation	\$10.2	\$10.6	(3.8%)	\$41.1	\$41.7	(1.4%)
Amortization	\$15.9	\$17.3	(8.1%)	\$74.5	\$72.9	2.2%

## Strong Q4 and Full Year FCF Conversion

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

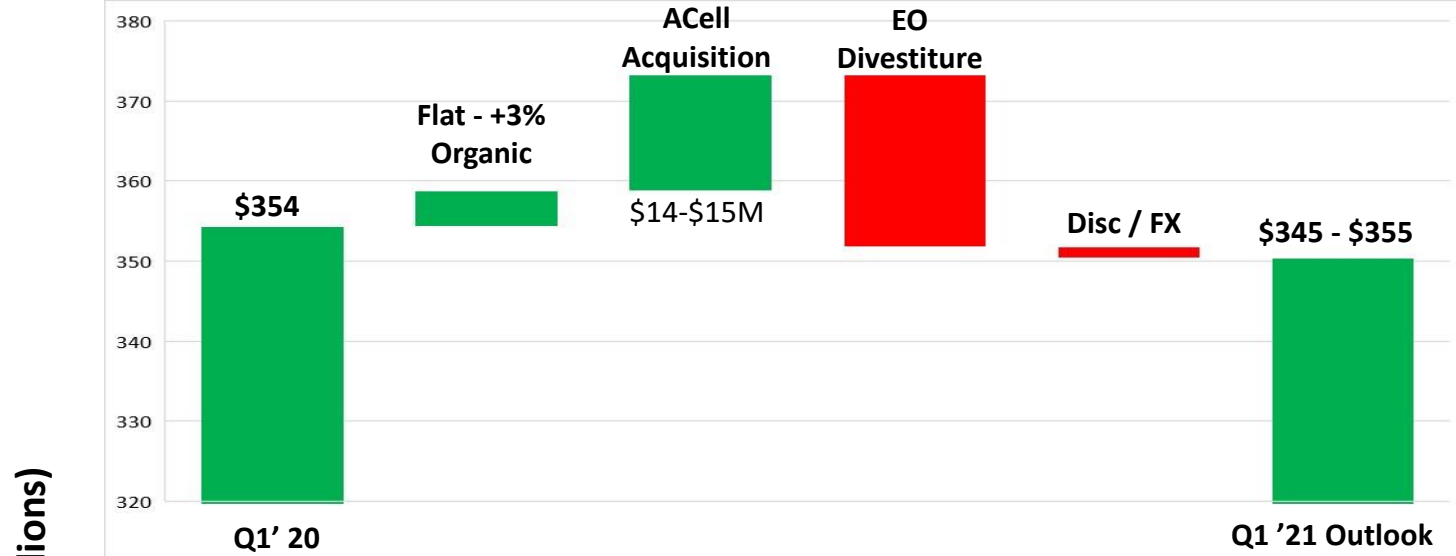
Note: Numbers may not add due to rounding

# 2020 Year-End Capital Structure

Capitalization			
(In \$ millions)	Pro forma 2019*	June 30, 2020	December 31, 2020
<b>Cash and Equivalents</b>	<b>\$321</b>	<b>\$361</b>	<b>\$470</b>
Bank Debt	\$1,080	\$1,096	\$1,088
Convertible Bond	\$575	\$575	\$575
<b>Total Debt</b>	<b>\$1,655</b>	<b>\$1,671</b>	<b>\$1,663</b>
<b>Net Debt</b>	<b>\$1,334</b>	<b>\$1,310</b>	<b>\$1,193</b>
Consolidated Total Leverage Ratio	3.0x	3.4x	3.0x

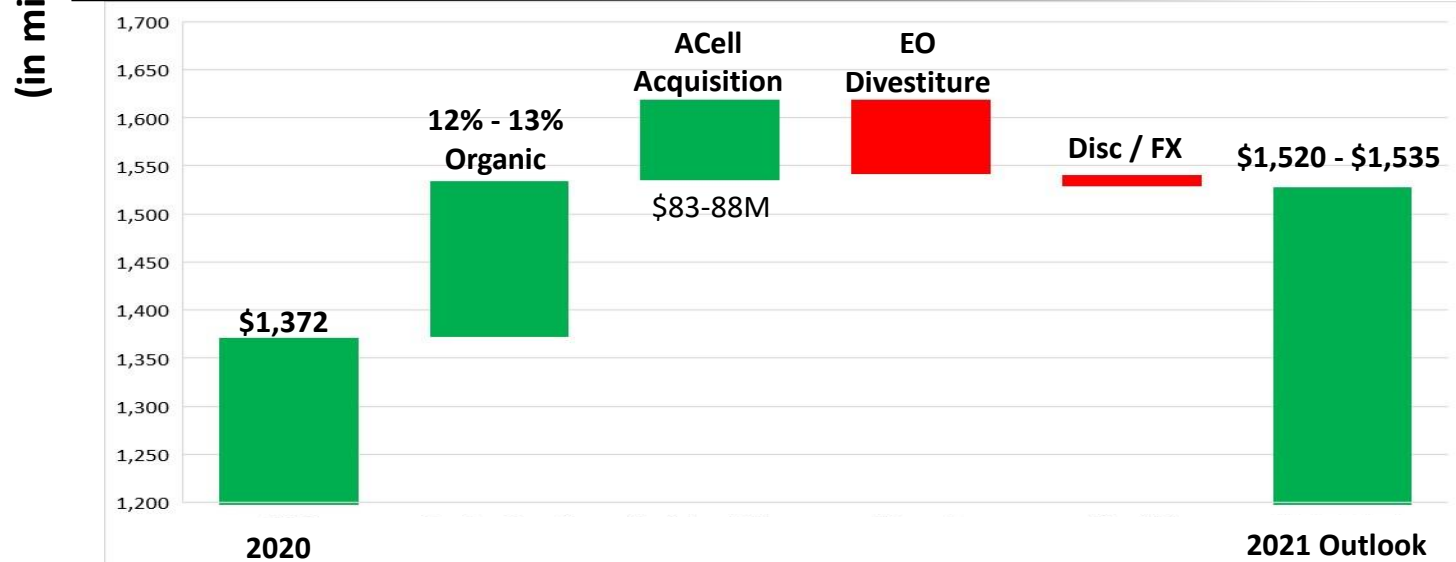
**Beginning 2021 with a strong balance sheet and improved flexibility**

# Q1 / FY 2021 Revenue Outlook



## Q1 2021

- Reported Growth (3%) to Flat
- Organic Growth Flat to +3%
- Adj EPS \$0.54 - \$0.58



## FY 2021

- Reported Growth +11% to 12%
- Organic Growth +12% to 13%
- Adj EPS \$2.86 - \$2.93

Assumes gradual improvement in 1H with no further setbacks from new surges or new COVID variants

# ACell Integration Update

## Jan 20, 2021 Acquisition Closed

- **First Quarter 2021**
  - ✓ Onboard ACell colleagues
  - ✓ Territories, quotas and sales comp plans finalized
  - ✓ Integrated sales reporting
  - ✓ National sales meeting held for in-depth product training
- **Second Quarter 2021**
  - Advance marketing and product positioning efforts
  - ERP conversion

### Key Pro Forma Financial Metrics - 2019 Excluding Extremity Orthopedics

PF Organic Growth<sup>(1)</sup> ~+50bps Higher

PF Adj. Gross Margin<sup>(2)</sup> Slightly Lower

PF Adj. EBITDA Contribution<sup>(2)</sup> ~+140bps Higher

PF Adj. EPS<sup>(2)</sup> Neutral

(1) Average over past two years (2018 & 2019 estimate, unaudited)  
(2) Pro forma 2019 (estimate, unaudited)

+ ACell =

### Financial Contribution of ACell<sup>(3)</sup>

PF Organic Growth **Accretive**

PF Adj. Gross Margin<sup>(4)</sup> **Accretive**

PF Adj. EBITDA Contribution<sup>(4)</sup> **Neutral in Year 1  
Accretive in Year 2**

PF Adj. EPS<sup>(4)</sup> **Neutral in Year 1  
Accretive in Year 2**

ROIC **7-8% by Year 3  
9-10% by Year 5**

(3) Preliminary company estimates  
(4) Inclusive of the PF impact of the divestiture of the Ortho business and acquisition of ACell

**ACell integration activities expected to be largely completed by mid-year**

# 2021 Growth Drivers

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## 2021 Growth Drivers

### **New product introductions**

- Continued benefit from 2019/2020 launches
- 2021 product launches: Cerelink™, Aurora

### **Completed investments in tissue product supply**

- Increases capacity to support existing and new customers

### **International opportunities**

- Led by Japan & China
- New product launches and expanding commercial presence

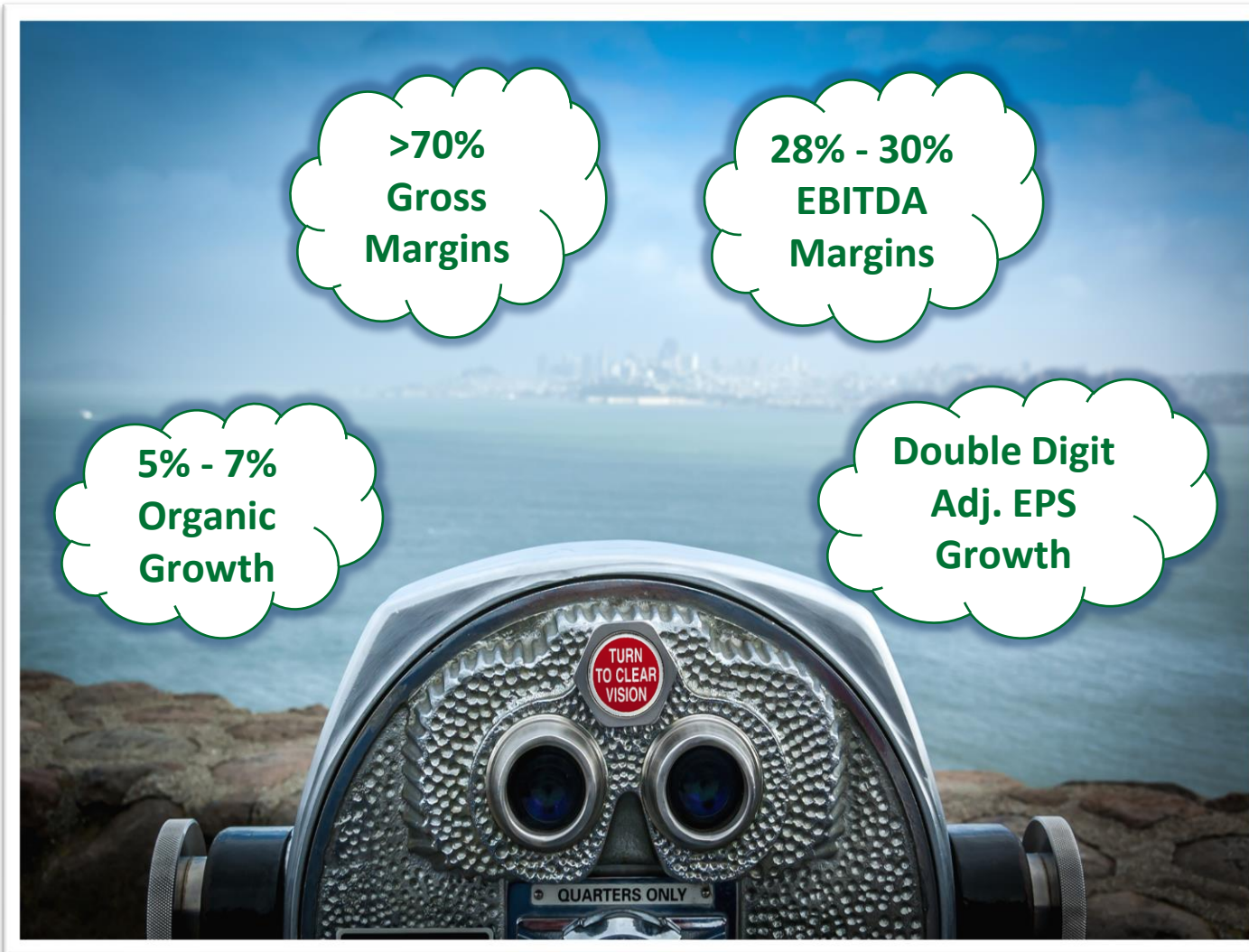
### **Commercial investments**

- Added sales specialists and accelerated digital capabilities

### **ACell contribution**

**2020 actions position Integra for growth in 2021**

# Integra's Long-Term Goals and Growth Drivers



## Growth Drivers

- Strong end market growth and expanding addressable markets
  - CSS: Market expansion and faster international growth
  - TT: Differentiated product portfolio in markets growing MSD to Low DD with opportunities for expansion
- New product introductions / ongoing benefit from recently launched products
- Recent strategic transactions enhance portfolio, are accretive to growth and expand addressable markets
- Margin expansion through portfolio rationalization, manufacturing optimization & G&A leverage
- Acquisitions to build scale and differentiation



# INTEGRA LIFESCIENCES **VIRTUAL INVESTOR DAY**

Please join us on  
**Thursday, May 20, 2021.**

DETAILS TO FOLLOW.







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# Appendix

## Non-GAAP Reconciliations



# Fourth Quarter and Full-Year 2020 Organic Growth Reconciliation

(In millions)	Q4 2020	Q4 2019	FY 2020	FY 2019
Neurosurgery	\$200.3	\$200.0	\$716.3	\$767.8
Instruments	\$54.0	\$59.4	\$178.5	\$228.4
<b>Total Codman Specialty Surgical<sup>(1)</sup></b>	<b>\$254.3</b>	<b>\$259.4</b>	<b>\$894.8</b>	<b>\$996.2</b>
Wound Reconstruction and Care	\$82.4	\$83.3	\$293.0	\$322.7
Extremity Orthopedics	\$23.8	\$24.7	\$78.3	\$90.1
Private Label	\$28.2	\$27.7	\$105.7	\$108.5
<b>Total Orthopedics and Tissue Technologies</b>	<b>\$134.4</b>	<b>\$135.7</b>	<b>\$477.0</b>	<b>\$521.4</b>
<b>Total Reported Revenues</b>	<b>\$388.6</b>	<b>\$395.1</b>	<b>\$1,371.9</b>	<b>\$1,517.6</b>
Revenues from divested products <sup>(2)</sup>	(0.3)	(0.0)	(0.8)	(3.3)
Revenues from discontinued products <sup>(2)</sup>	(5.4)	(11.0)	(20.6)	(40.8)
Revenues ex divested/ discontinued products	<b>\$382.9</b>	<b>\$384.1</b>	<b>\$1,350.5</b>	<b>\$1,473.5</b>
Impact of changes in currency exchange	(4.5)	-	(4.7)	-
Revenues from acquisitions <sup>(3)</sup>	-	-	(0.7)	-
<b>Total Organic Revenues</b>	<b>\$378.4</b>	<b>\$384.1</b>	<b>\$1,345.1</b>	<b>\$1,473.5</b>
<i>Organic Revenue Growth</i>	<i>-1.5%</i>		<i>-8.7%</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.

Note: Numbers may not add due to rounding

# 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
Neurosurgery	166,898	170,588	171,680	174,982	<b>684,148</b>	166,415	177,411	180,107	183,084	<b>707,017</b>
Precision Tools & Instruments	69,217	68,916	67,355	74,294	<b>279,781</b>	68,153	71,847	72,881	76,314	<b>289,195</b>
<b>Total CSS</b>	236,114	239,504	239,035	249,276	<b>963,929</b>	234,568	249,259	252,987	259,399	<b>996,213</b>

## 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
Neurosurgery	181,339	183,311	184,481	191,137	<b>740,268</b>	179,520	192,929	195,334	200,017	<b>767,800</b>
Instruments	54,776	56,193	54,554	58,138	223,661	55,049	56,329	57,654	59,381	228,413
<b>Total CSS</b>	236,114	239,504	239,035	249,276	<b>963,929</b>	234,568	249,259	252,987	259,399	<b>996,213</b>

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

Note: Numbers may not add due to rounding

# Fourth Quarter and Full-Year 2020 Adjusted EBITDA Margin Reconciliation

(In millions)	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>GAAP Net Income</b>	<b>\$92.7</b>	<b>\$15.3</b>	<b>\$133.9</b>	<b>\$50.2</b>
Depreciation and intangible asset amortization expense	26.1	27.9	115.6	114.6
Other (income), net	(1.4)	(1.1)	(4.4)	(7.0)
Interest expense, net	10.8	10.7	40.7	43.2
Income tax expense (benefit) <sup>(1)</sup>	(53.8)	11.1	(40.4)	9.9
COVID-19 related charges	(0.2)	-	3.5	-
Convertible debt non-cash interest	4.3	-	15.4	-
Expenses related to debt refinancing	-	-	6.2	-
Acquisition, divestiture and integration-related charges <sup>(2)</sup>	13.1	17.8	32.9	124.7
Structural optimization charges	6.3	4.4	15.4	17.6
Discontinued product lines charges	0.9	2.3	6.3	9.2
Litigation charges	-	0.1	-	0.1
EU Medical Device Regulation	3.9	3.0	9.4	6.2
Impairment charges	-	-	-	-
<b>Total of non-GAAP adjustments:</b>	<b>10.0</b>	<b>76.3</b>	<b>200.6</b>	<b>318.4</b>
<b>Adjusted EBITDA</b>	<b>102.7</b>	<b>91.6</b>	<b>334.5</b>	<b>368.6</b>
<b>Total Revenues</b>	<b>388.7</b>	<b>395.1</b>	<b>1,371.9</b>	<b>1,517.6</b>
<b>Adjusted EBITDA Margin</b>	<b>26.4%</b>	<b>23.2%</b>	<b>24.4%</b>	<b>24.3%</b>

(1) Income tax expense (benefit) includes a \$59.2 million one-time net tax benefit in the fourth quarter of 2020, attributable to an intra-entity transfer of certain intellectual property.

(2) Acquisition and integration-related charges are associated with the Derma Sciences, Codman Neurosurgery, Arkis Biosciences, and Rebound Therapeutics acquisitions and include banking, legal, consulting, systems, and other expenses. The charges for the three and twelve months ended Dec. 31, 2019 also include a \$5 million and \$64.9 million, respectively, in-process research and development expense related to the Rebound Therapeutics acquisition.

Note: Numbers may not add due to rounding

# Fourth Quarter and Full-Year 2020 Adjusted EPS Reconciliation

(In millions)	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>GAAP Net Income</b>	<b>\$92.7</b>	<b>\$15.3</b>	<b>\$133.9</b>	<b>\$50.2</b>
COVID-19 related charges	(0.2)	-	3.5	
Convertible debt non-cash interest	4.3	-	15.4	
Expenses related to debt refinancing	0.0	-	6.2	
Acquisition, divestiture and integration-related charges <sup>(1)</sup>	13.1	17.8	32.9	124.7
Structural optimization charges	6.3	4.4	15.4	17.6
Discontinued product line charges	0.9	2.3	6.3	9.2
Litigation charges	-	0.1	-	0.1
EU Medical Device Regulation	3.9	3.0	9.4	6.2
Intangible asset amortization expense	15.9	17.3	74.5	72.9
Estimated income tax impact from adjustments and other items <sup>(2)</sup>	(65.7)	(1.4)	(88.8)	(43.4)
Total of non-GAAP adjustments:	(21.5)	43.5	74.8	187.2
<b>Adjusted Net Income</b>	<b>\$71.3</b>	<b>\$58.9</b>	<b>\$208.7</b>	<b>\$237.4</b>
<b>Adjusted Diluted Net Income per Share</b>	<b>\$0.84</b>	<b>\$0.68</b>	<b>\$2.45</b>	<b>\$2.74</b>
Weighted average common shares outstanding for diluted net income from continuing operations per share	84.9	86.8	85.2	86.5

(1) Acquisition and integration-related charges are associated with the Derma Sciences, Codman Neurosurgery, Arkis Biosciences, and Rebound Therapeutics acquisitions and include banking, legal, consulting, systems, and other expenses. The charges for the three and twelve months ended Dec. 31, 2019 also include a \$5 million and \$64.9 million, respectively, in-process research and development expense related to the Rebound Therapeutics acquisition.

(2) Estimated income tax impact includes a \$59.2 million one-time net tax benefit in the fourth quarter of 2020, attributable to an intra-entity transfer of certain intellectual property. FY 2019, Includes a one-time tax benefit of \$9.4 million related to a federal tax holiday in Switzerland, which was finalized during the quarter ended March 31, 2019.

Note: Numbers may not add due to rounding

# Fourth Quarter and Full-Year 2020 (TTM) Free Cash Flow Reconciliation

(In millions)	Q4 2020	Q4 2019	TTM 2020	TTM 2019
Net Cash from Operating Activities	\$80.3	\$89.2	\$203.8	\$231.4
Purchases of Property and Equipment	(\$8.4)	(\$22.2)	(\$38.9)	(\$69.5)
<b>Free Cash Flow</b>	<b>\$71.8</b>	<b>\$67.0</b>	<b>\$164.9</b>	<b>\$161.9</b>
Adjusted Net Income	\$71.3	\$58.9	\$208.7	\$237.4
<b>Adjusted Free Cash Flow Conversion</b>	<b>100.8%</b>	<b>113.8%</b>	<b>79.0%</b>	<b>68.2%</b>

Note: Numbers may not add due to rounding

# Fourth Quarter and Full-Year 2020 Gross Margin Reconciliation

(In millions)	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Reported Gross Profit</b>	<b>\$241.6</b>	<b>\$245.7</b>	<b>\$851.0</b>	<b>\$952.9</b>
COVID-19 related charges	(0.0)	-	3.8	-
Structural optimization charges	6.0	1.9	8.3	6.2
Acquisition, divestiture and integration-related charges	4.6	3.7	13.9	9.8
Discontinued product line charges	0.9	2.3	6.3	9.2
EU Medical Device Regulation	0.6	0.1	2.2	0.1
Intangible asset amortization expense	11.5	11.7	46.7	45.9
<b>Adjusted Gross Profit</b>	<b>\$265.2</b>	<b>\$265.4</b>	<b>\$932.3</b>	<b>\$1,024.0</b>
Total Revenues	\$388.6	\$395.1	\$1,371.9	\$1,517.6
<b>Adjusted Gross Margin</b>	<b>68.2%</b>	<b>67.2%</b>	<b>68.0%</b>	<b>67.5%</b>

Note: Numbers may not add due to rounding

# Fourth Quarter and Full-Year 2020 Adjusted SG&A Reconciliation

(In millions)	Q4 2020	Q4 2019	FY 2020	FY 2019
<b>Reported SG&amp;A</b>	<b>\$162.4</b>	<b>\$174.3</b>	<b>\$594.5</b>	<b>\$687.6</b>
COVID-19 related charges	(0.2)	-	(0.3)	-
Structural optimization charges	(0.3)	2.5	6.2	10.9
Acquisition, divestiture and integration-related charges	6.4	8.0	16.7	47.2
Litigation charges	-	0.1	-	3.1
EU Medical Device Regulation	3.3	2.9	7.1	6.1
<b>Adjusted SG&amp;A</b>	<b>\$153.2</b>	<b>\$160.8</b>	<b>\$564.8</b>	<b>\$620.3</b>
Total Revenues	\$388.6	\$395.1	\$1,371.9	\$1,517.6
<b>Adjusted SG&amp;A (% of Revenues)</b>	<b>39.4%</b>	<b>40.7%</b>	<b>41.2%</b>	<b>40.9%</b>

Note: Numbers may not add due to rounding