



## **Integra LifeSciences Reports Record First Quarter Net Income and Revenues; Earnings Before Interest, Taxes, Depreciation and Amortization Totaled \$3.7 Million**

PLAINSBORO, N.J.--(BUSINESS WIRE)--May 9, 2001--Led by strong growth in revenues, Integra LifeSciences Holdings Corporation (Nasdaq:IART) today reported record net income and revenues for the first quarter of 2001.

Earnings for the quarter were \$0.07 per share, as compared to an adjusted net loss of \$0.08 per share in the first quarter of 2000. Net income totaled \$2.0 million, with total revenues increasing \$7.2 million, or 49%, to \$21.7 million. This compares to an adjusted net loss of \$1.1 million in the first quarter of 2000 on total revenues of \$14.5 million.

Revenue growth was led by a \$7.0 million increase in product sales to \$20.3 million, a 52% increase over the first quarter of 2000. Included in this increase was \$2.8 million in sales of product lines acquired in the second quarter of 2000. Sales in the Integra NeuroSciences division increased \$5.7 million to \$14.5 million, and included \$2.3 million in sales of acquired product lines.

Contributing to the strong organic growth of \$3.4 million in the Integra NeuroSciences division were sales of the DuraGen<sup>®</sup>; Dural Graft Matrix, with domestic reorder rates currently exceeding 80%, the Company's intracranial monitoring and cranial access products for the neuro intensive care unit and hydrocephalus management products.

Sales of Integra LifeSciences division products increased \$1.3 million to \$5.8 million primarily because of organic growth in the Company's private label products and \$0.5 million in sales of acquired product lines.

"The benefits of the recent expansion in the Integra NeuroSciences' direct sales force in the United States are reflected in the strong results for the first quarter," commented Stuart M. Essig, Integra's President and Chief Executive Officer. "With the recent launch of the LICOX<sup>®</sup>; Brain Tissue Oxygen Monitoring System and the Ventrix<sup>®</sup>; True Tech Catheter at the American Association of Neurological Surgeons meeting in April, we have further expanded the broad line of innovative life-saving products that our neurospecialists can bring to the neurosurgeon and neuro nurse. This comprehensive product offering and the strong customer relationships built by our experienced neurospecialists and clinical development team have made Integra NeuroSciences a leader in the market."

Consolidated gross margins on product sales increased to 58% in the first quarter of 2001 from an adjusted 51% in the first quarter of 2000 as a result of an improved sales mix of higher margin products. Adjusted consolidated other operating expenses (excludes cost of product sales) increased \$1.6 million from the first quarter of 2000 to \$10.7 million in the first quarter of 2001.

This increase was primarily the result of higher sales and marketing expenses from the expansion of the Integra NeuroSciences direct sales force, offset by lower general and administrative expenses.

On a divisional operating basis, the Company reported the following results for the first quarter of 2001:

In the Integra NeuroSciences division:

- Sales of neuro intensive care unit products increased \$1.0 million to \$6.5 million.
  
- Neuro operating room product sales increased \$4.7 million to \$8.0 million, including \$2.3 million of acquired product lines.
  
- Gross margin on product sales was 61%, as compared to an adjusted 54% in the first quarter of 2000.

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Total other operating expenses increased \$1.9 million to \$5.7 million, with the division reporting a \$3.5 million operating profit. The increase in other operating expenses was almost entirely related to higher sales and marketing expenses.

In the Integra LifeSciences division:

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Sales of private label products increased \$0.7 million to \$3.2 million.

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Sales of distributed products increased \$0.6 million to \$2.6 million, including \$0.5 million of acquired product lines.

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Gross margin on product sales approximated 49%, as compared to 44% in the first quarter of 2000.

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Total other operating expenses were flat at \$2.2 million for the quarter, with the division reporting a \$1.7 million operating profit.

Divisional operating results exclude corporate general and administrative expenses and amortization on intangible assets and goodwill. For the quarter, corporate general and administrative expenses decreased \$0.5 million to \$2.1 million, while intangible asset amortization increased \$0.2 million to \$0.7 million.

The Company reported Earnings Before Interest, Taxes, Depreciation and Amortization of \$3.7 million, as compared to \$0.1 million in the first quarter of 2000.

The Company has scheduled a conference call for 9:00 am EST today, May 9, 2001, to discuss the financial results for the first quarter of 2001 and to update its forward looking guidance. The call is open to all listeners and will be followed by a question and answer session.

Access to the live conference call is available by dialing 800/865-4460 in the United States or 973/628-7055 for international listeners. Access to the call will also be available through a live listen-only webcast via a link provided on the home page of Integra's website at [www.integra-ls.com](http://www.integra-ls.com).

Integra LifeSciences Holdings Corporation develops, manufactures and markets medical devices, implants and biomaterials primarily used in the treatment of cranial and spinal disorders, soft tissue repair and orthopedics. Integra is a leader in applying the principles of biotechnology to medical devices that improve patients' quality of life.

The Company has its corporate headquarters in Plainsboro, New Jersey, with manufacturing and research facilities located throughout the world. The Company has approximately 550 permanent employees. Please visit the Company's website at (<http://www.integra-ls.com>).

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from

predicted or expected results. Forward-looking factors include, but are not limited to, statements concerning future profits and growth in product sales.

In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Risk Factors" included in the Business section of Integra's Annual Report on Form 10-K for the year ended December 31, 2000 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

CONSOLIDATED FINANCIAL RESULTS

(In thousands, except per share data)

(UNAUDITED)

Statement of Operations Data:

	Three Month Period	
	Ended March 31	
	2001	2000
Product sales	\$20,284	\$13,332
Other revenue	1,400	1,199
Total revenue	21,684	14,531
Cost of product sales	8,594	6,687
Research and development	2,073	1,890
Selling and marketing	4,751	2,949
General and administrative	3,204	3,747
Amortization	680	480
Total costs and expenses	19,302	15,753
Operating income (loss)	2,382	(1,222)
Gain on disposition of product line	--	115
Other income, net	(140)	134
Net income (loss) before income taxes	2,242	(973)
Provision for income taxes	246	62
Net income (loss) before accounting change	1,996	(1,035)
Cumulative effect of accounting change	--	(470)
Net income (loss)	\$ 1,996	\$(1,505)
Earnings (loss) per share before accounting change:		
Basic	\$ 0.08	\$ (0.32)
Diluted	\$ 0.07	\$ (0.32)
Earnings (loss) per share:		
Basic	\$ 0.08	\$ (0.35)
Diluted	\$ 0.07	\$ (0.35)
Pershare effect of beneficial conversion feature on issuance of preferred stock:		
Basic	\$ --	\$ (0.24)
Diluted	\$ --	\$ (0.24)
Weighted average Common shares outstanding:		
Basic	19,618	17,228
Diluted	21,849	17,228
Balance Sheet Data:		
	31-MAR 2001	31-DEC 2000
Cash, cash equivalents & investments	\$19,374	\$15,138
Working capital	27,992	25,177
Total assets	91,079	86,514
Long-term debt	3,121	4,758

**Source:** Integra LifeSciences Holdings Corporation  
www.integra-LS.com

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