

Third Quarter 2016 Earnings Call Presentation

October 27, 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.”

Third Quarter Accomplishments



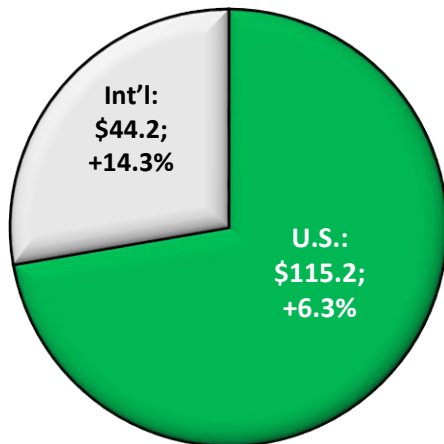
- 9.5% organic growth driven by both global segments
- Adjusted gross margin at record high of 69.3%
- International sales delivered 15% organic growth
- Increasing Specialty Surgical Solutions full-year guidance
- Continued progress on advanced wound care strategy
- Operating cash flow doubled over prior-year quarter
- Announcing plans for 2-for-1 stock split

Successfully Executed Against All Key Metrics in Quarter

Specialty Surgical Solutions Revenue Discussion

Third Quarter 2016
\$159.4M; +8.4% Reported

\$ in millions
As reported



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

- Dural Repair sales increased low double digits driven by both DuraGen® and DuraSeal®
- Precision Tools & Instruments increased mid-single digits driven by specialty instruments, LED surgical headlamps and Mayfield®2
- Tissue Ablation and Neuro Critical Care sales together increased high single digits
- International sales increased approximately 14% based on broad strength in Europe and Asia

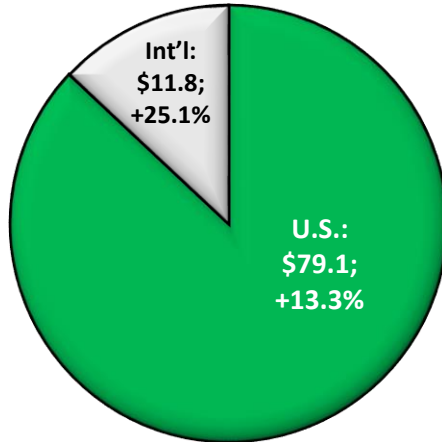
	Q3 2016	Q3 2015	Growth	Sep YTD 2016	Sep YTD 2015	Growth	Jul 2016 Guidance	Oct 2016 Guidance
Revenue	\$159.4M	\$147.1M	8.4%	\$468.8	\$433.8	8.1%	5% - 7%	6% - 7%
Organic	---	---	8.0%	---	---	7.7%	5% - 7%	6% - 7%

Third Quarter Organic Growth of 8.0%

Orthopedics & Tissue Technologies Revenue Discussion

Third Quarter 2016
\$90.9M; +14.7% Reported

\$ in millions
As reported



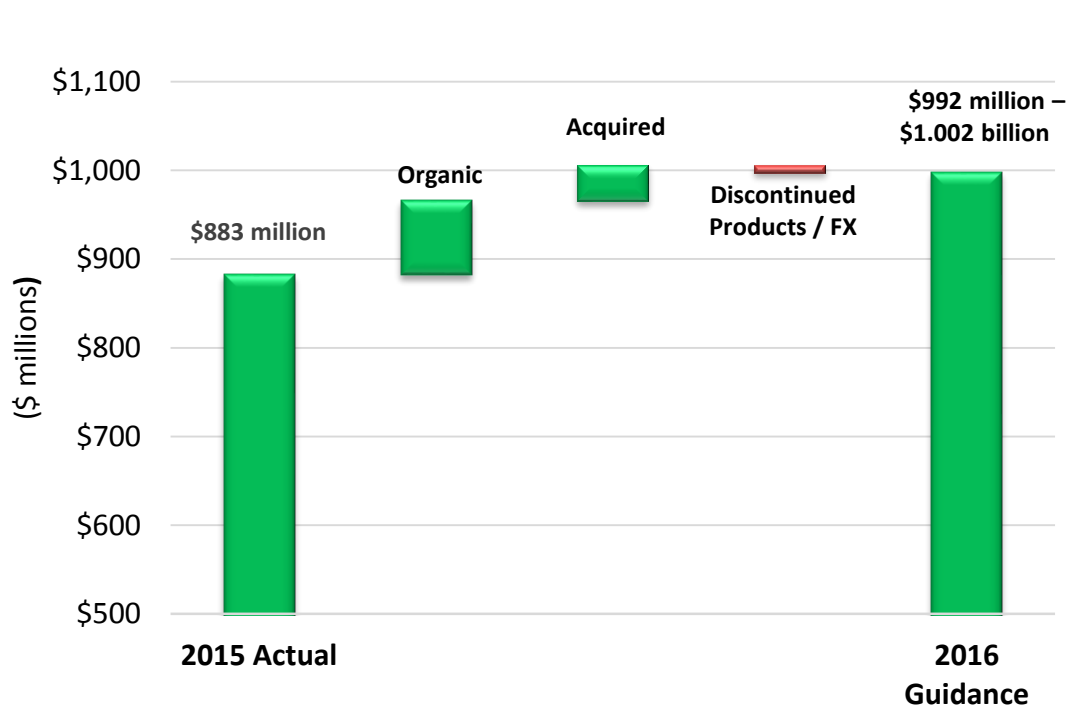
****All Commentary in Constant Currency****

- Regenerative Technologies sales grew mid-teens, driven by skin and wound products and Private Label
- Total extremities grew about 20% driven by the addition of Salto Talaris®
- On an organic basis total extremities were up slightly, driven by growth in the Titan™ Shoulder
- International sales increased nearly 30%, driven by strength in Europe and global regenerative technologies

	Q3 2016	Q3 2015	Growth	Sep YTD 2016	Sep YTD 2015	Growth	Jul 2016 Guidance	Oct 2016 Guidance
Revenue	\$90.9M	\$79.3M	14.7%	\$267.6	\$207.7	28.8%	25% - 28%	25% - 28%
Organic	----	----	12.3%	----	----	14.0%	12% - 16%	12% - 16%

Third Quarter Organic Growth of 12.3%

Components of 2016 Revenue Guidance



Full Year 2016

- Acquired growth: ~4% (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% - 9.5%

2016 Reported Growth:
12% - 13.5%

Maintaining Full-Year Revenue Guidance

Third Quarter and YTD 2016 Results and 2016 Guidance

% of revenue	Q3 2016	Q3 2015	Change	Sep YTD 2016	Sep YTD 2015	Change	Jul 2016 Guidance	Oct 2016 Guidance
Gross Margin	64.3%	62.0%	+230BPS	64.2%	63.1%	+110BPS	64.5% - 65%	No Chg
Adj. Gross Margin*	69.3%	67.0%	+230BPS	69.3%	67.2%	+210BPS	69.5% - 70%	No Chg
R&D	6.0%	6.2%	-20BPS	6.0%	5.8%	+20BPS	5.5% - 6.0%	~6%
Adj. R&D*	6.0%	6.2%	-20BPS	6.0%	5.8%	+20BPS	5.5% - 6.0%	~6%
SG&A	44.9%	50.1%	-520BPS	46.6%	47.7%	-110BPS	45.5% - 46%	~46%
Adj. SG&A*	43.0%	42.7%	+30BPS	44.0%	42.8%	+120BPS	43% - 43.5%	~43.5%
Net Income	\$20.1	(\$31.9)	(163.0%)	\$46.3	(\$8.1)	(671.6%)	\$70.5 - \$74.4M	\$71.1 - \$74.4M
Adj. Net Income*	\$36.1	\$27.0	33.7%	\$94.6	\$75.9	24.6%	\$132.5 - \$136.4M	\$134.1 - \$136.4M
Adj. EBITDA*	23.4%	21.1%	+230BPS	22.4%	21.7%	+70BPS	23.5% - 24%	~23.5%
Tax Rate	19.4%	694.6%	NM	15.7%	119.7%	NM	20% - 20.5%	~17%
Adj. Tax Rate*	24.6%	30.0%	(540BPS)	26.5%	31.4%	(490BPS)	~28%	~26.5%
Earnings per Share	\$0.50	(\$0.90)	(155.6%)	\$1.18	(\$0.24)	(591.7%)	\$1.78 - \$1.88	\$1.82 - \$1.88
Adj. Earnings per Share*	\$0.93	\$0.75	24.0%	\$2.47	\$2.21	11.8%	\$3.43 - \$3.53	\$3.47 - \$3.53

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

Raising Low End of EPS Range to Reflect Lower Tax Rate

Cash Flow and Other Measures: Third Quarter and 2016 Guidance

(\$ millions)	Q3 2016	Q3 2015	Change	Jul 2016 Guidance	Oct 2016 Guidance
Operating Cash Flow^	\$46.8	\$19.6	138.8%	\$130 - \$145	No Chg
CapEx	\$7.0	\$5.4	29.6%	~\$40	No Chg
Free Cash Flow*	\$39.8	\$14.2	180.3%	\$90 - \$105	No Chg
FCF Conversion (TTM)*	75.6%	73.4%	+2.2Pts	70% - 80%	No Chg
Depreciation	\$7.8	\$6.7	16.4%	\$31 - \$32	No Chg
Amortization	\$10.3	\$9.6	7.3%	~\$42	No Chg
Shares Out (Mil)	40.5	35.3	14.7%	39.6	No Chg
Adj. Shares Out (Mil)*	38.9	35.8	8.7%	38.6	No Chg

^Operating Cash Flow guidance for 2016 excludes approximately \$43M of expected accreted interest payment associated with the 2016 Convertible Notes.

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Expect to be at High End of Operating and Free Cash Flow Guidance Range

Current Capital Structure

Current Capitalization	
(\$ in millions)	09/30/2016
Cash and Equivalents	\$ 107.6

Revolver (\$750.0)	\$ 120.0
Term Loan	\$ 342.5
2016 Convertible Senior Notes	\$ 227.1
Total Debt (face value)	\$ 689.6

Net Debt	\$ 582.0
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Credit Statistics	
Current Bank Leverage Ratio*	2.6x
Max Leverage Ratio	4.25x
Current Acquisition Capacity	\$ 630

*This ratio is calculated per the Senior Credit Facility agreement

***Strong Cash Flow Generation & Increasing Profitability
Results in Lower Leverage Ratio***

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%

On Track to Achieving our 2016 Targets and Increased Confidence in Long Term Goals

Appendix

Non-GAAP Reconciliations

Third Quarter and YTD 2016 Organic Growth Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
Specialty Surgical Solutions	\$159,409	\$147,085	\$468,768	\$433,834
Domestic	115,248	108,458	336,197	315,397
International	44,161	38,627	132,571	118,437
Orthopedics and Tissue Technologies	\$90,923	\$79,282	\$267,644	\$207,740
Domestic	79,098	69,832	230,906	178,161
International	11,825	9,450	36,738	29,579
Total Revenue	\$250,332	\$226,367	\$736,412	\$641,574
Domestic	194,346	178,290	567,103	493,560
International	55,986	48,077	169,309	148,014
Revenue from discontinued products	(1,165)	(3,189)	(5,512)	(11,140)
Revenue ex-discontinued products	\$249,167	\$223,178	\$730,900	\$630,434
Impact of changes in currency exchange	359		1,433	
Revenue from acquisitions*	(5,154)		(40,754)	
Organic Revenue	\$244,372	\$223,178	\$691,579	\$630,434
<i>Organic Revenue Growth</i>		9.5%		9.7%

* Acquisitions include Salto, Tekmed, and a partial quarter of TEI.

Third Quarter and YTD 2016 & 2015

Adjusted EBITDA Margin Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
GAAP net income (loss)	\$20,144	(\$31,881)	\$46,316	(\$8,129)
Depreciation and intangible asset amortization expense	18,086	16,233	54,353	40,985
Other (income) expense, net	(1,192)	(1,827)	398	(2,984)
Interest (income) expense, net	6,293	6,459	19,241	17,403
Income tax expense	4,850	37,243	8,615	49,289
Global ERP implementation charges	3,366	4,468	12,386	11,891
Structural optimization charges*	1,993	8,539	5,540	14,343
Certain employee severance charges	153	-	1,420	1,291
Acquisition-related charges	4,935	5,061	16,996	11,489
Post-Spin SeaSpine separation-related charges	-	3,356	-	3,356
Total of non-GAAP adjustments:	\$38,484	\$79,532	\$118,949	\$147,063
Adjusted EBITDA	\$58,628	\$47,651	\$165,265	\$138,934
Total Revenues	\$250,332	\$226,367	\$736,411	\$641,574
Adjusted EBITDA Margin	23.4%	21.1%	22.4%	21.7%

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

Third Quarter and YTD 2016 and 2015 Adjusted EPS Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
GAAP net income (loss)	\$20,144	\$(31,881)	\$46,316	\$(8,129)
Global ERP implementation charges	3,366	4,468	12,386	11,891
Structural optimization charges	1,993	8,539	5,540	13,965
Certain employee severance charges	153	-	1,420	1,291
Acquisition-related charges	4,935	5,061	16,996	11,489
Post-Spin SeaSpine separation-related charges	-	3,356	-	3,356
Intangible asset amortization expense	10,316	9,574	31,204	21,531
Convertible debt non-cash interest	2,132	2,142	6,300	5,828
Estimated income tax impact from adjustments and other items	(6,938)	25,701	(25,559)	14,642
Total of non-GAAP adjustments:	\$15,957	\$58,841	\$48,287	\$83,993
Adjusted net income	\$36,101	\$26,960	\$94,603	\$75,864
Adjusted diluted net income per share	\$0.93	\$0.75	\$2.47	\$2.21
Weighted average common shares outstanding for diluted net income from continuing operations per share	40,516	35,279	39,402	33,682
Non-GAAP adjustments for dilutive effects of equity awards	-	1,157	-	1,265
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	(1,588)	(674)	(1,128)	(632)
Weighted average common shares outstanding for adjusted diluted net income per share	38,928	35,762	38,274	34,315

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

(In thousands)	Q3 2016	Q3 2015	TTM 2016	TTM 2015
GAAP Net cash provided by operating activities*	\$46,766	\$19,613	\$135,515	\$109,643
Purchases of Property and Equipment	(6,974)	(5,361)	(39,235)	(31,547)
Free Cash Flow	\$39,792	\$14,252	\$96,280	\$78,095
Adjusted net income	\$36,101	\$26,960	\$127,362	\$106,427
Adjusted Free Cash Flow Conversion	110.2%	52.9%	75.6%	73.4%

*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.

Third Quarter and YTD 2016 Gross Margin Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
Reported Gross Profit	\$161,003	\$140,298	\$472,744	\$405,033
Structural optimization charges	1,133	1,942	3,126	5,869
Certain employee severance charges	(41)	-	487	-
Acquisition-related charges	4,570	2,763	12,866	5,207
Intangible asset amortization expense	6,849	6,632	20,794	15,113
Adjusted Gross Profit	\$173,514	\$151,635	\$510,017	\$431,222
Total Revenues	\$250,332	\$226,367	\$736,411	\$641,574
Adjusted Gross Margin	69.3%	67.0%	69.3%	67.2%

Third Quarter and YTD 2016 Adjusted SG&A Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
Reported SG&A	\$112,317	\$113,424	\$343,510	\$306,007
Global ERP implementation charges	3,366	4,468	12,386	11,891
Structural optimization charges	860	6,597	2,414	8,474
Certain employee severance charges	194	-	933	1,291
Acquisition-related charges	165	2,298	3,930	6,282
Post-Spin SeaSpine separation-related charges	-	3,356	-	3,356
Adjusted SG&A	\$107,732	\$96,705	\$323,847	\$274,713
Total Revenues	\$250,332	\$226,367	\$736,411	\$641,574
Adjusted SG&A (% of Revenue)	43.0%	42.7%	44.0%	42.8%

Third Quarter and YTD 2016 Adjusted R&D Reconciliation

(In thousands)	Q3 2016	Q3 2015	Sep YTD 2016	Sep YTD 2015
Reported R&D	\$15,124	\$13,938	\$44,254	\$37,029
Acquisition-related charges	200	-	200	-
Adjusted R&D	\$14,924	\$13,938	\$44,054	\$37,029
Total Revenues	\$250,332	\$226,367	\$736,411	\$641,574
Adjusted R&D (% of Revenue)	6.0%	6.2%	6.0%	5.8%