

Fourth Quarter 2016 Earnings Call Presentation

February 23, 2017



Forward-Looking Statements / Safe Harbor

This presentation contains “forward-looking statements”, including statements regarding the proposed Codman Neurosurgery and Derma transactions and the ability to consummate the proposed transactions. 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 acquisitions, the benefits of the proposed acquisitions, including future financial and operating results, Integra’s, the Codman Neurosurgery business’s or the Derma business’s plans, objectives, expectations and intentions and the expected timing of completion of the proposed acquisitions. 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, the Derma business and Integra’s business and risks and uncertainties associated with acquisition transactions. These factors include, among other things: successful closing of the proposed acquisitions; the risk that competing offers will be made for the Derma business; the risk that competing offers will be made for the Codman Neurosurgery business before the binding offer made by Integra to Depuy Synthes is accepted; the risk that Johnson & Johnson may not accept Integra’s binding offer to purchase the Codman Neurosurgery business on a timely basis or at all; the percentage of Derma’s stockholders tendering their shares in the related tender offer; the ability to obtain required regulatory approvals for the proposed acquisitions (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, Derma’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, as well as the Schedule TO and related tender offer documents to filed by Integra and Integra Derma, Inc. (“Integra Derma”) and the Solicitation/Recommendation Statement to be filed by Integra. 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; and (vii) 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.

Fourth Quarter Accomplishments



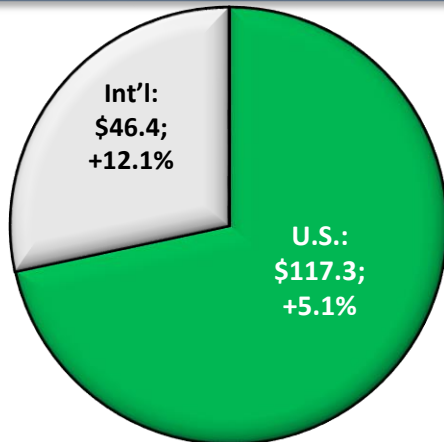
- Total Company organic revenue growth of 7.0%
- Specialty Surgical Solutions organic growth of 7.2%
- International sales grew 13.6% (constant currency)
- Adjusted gross margin at record high of 70.2%
- Adjusted EBITDA margin at 26.0%
- Adjusted free cash flow conversion of 82.7% (TTM)
- Expanded credit facility to \$1.5 billion

***Ended 2016 with Strong Profitability and Cash Flows
Starting 2017 with Two Strategic Acquisitions***

Specialty Surgical Solutions Revenue Discussion

Fourth Quarter 2016
\$163.8M; +7.0% Reported

\$ in millions
 As reported



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

- Tissue Ablation and Neuro Critical Care sales together increased mid-teens driven by strong global capital sales
- Dural Repair sales increased high single digits driven by both DuraGen® and DuraSeal®
- Precision Tools & Instruments increased low single digits driven by LED surgical headlamps and MAYFIELD®2
- International sales increased approximately 14% based on broad based strength across all regions

	Q4 2016	Q4 2015	Growth	FY 2016	FY 2015	Growth	2017 Guidance*
Revenue	\$163.8M	\$153.1M	7.0%	\$632.5	\$586.9	7.8%	3.5% - 5.5%
Organic	----	----	7.2%	----	----	7.6%	4.5% - 6.5%

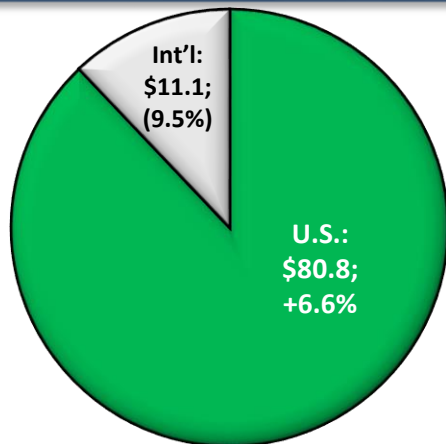
Fourth Quarter Organic Growth of 7.2%

* Guidance does not include the impact from the planned acquisition of Codman Neurosurgery

Orthopedics & Tissue Technologies Revenue Discussion

Fourth Quarter 2016
\$91.9M; +4.3% Reported

\$ in millions
As reported



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

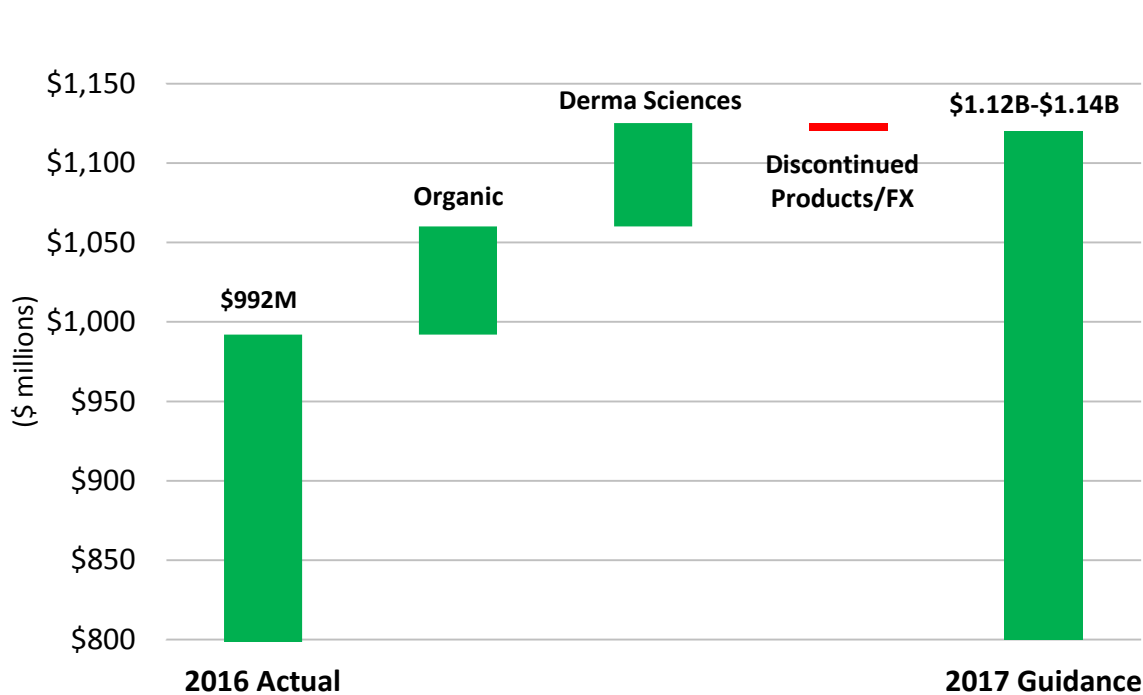
- Regenerative Technologies sales, excluding PriMatrix® and SurgiMend®, grew double digits
- PriMatrix® and SurgiMend® grew sequentially in the US
- Sales of the Salto Talaris® & Cadence® ankles combined with Titan™ shoulder increased double digits, but overall total extremities declined
- International sales declined mid-single digits driven by discontinuation of Hintegra and softness in Asia

	Q4 2016	Q4 2015	Growth	FY 2016	FY 2015	Growth	2017 Guidance
Revenue	\$91.9M	\$88.1M	4.3%	\$359.6	\$295.8	21.5%	27% - 32%*
Organic	----	----	6.6%	----	----	11.8%	9% - 14%

Signed Derma Sciences Deal to Enhance Wound Care Strategy

*Includes ~\$70 million expected contribution from Derma Sciences acquisition

Components of 2017 Revenue Guidance



Full Year 2017

- Derma expected to contribute ~\$70 million
- Foreign currency expected to have a negative impact of ~1%
- Discontinued products represent a headwind of about (0.5%)
- Codman Neurosurgery excluded from guidance

**2017 Organic Growth:
7% - 8.5%**

**2017 Reported Growth:
12.5% to 15.5%**

Full-Year Revenue Guidance of \$1.12 - \$1.14 Billion
First Quarter 2017 Revenue Guidance Range of \$252 million to \$256 million, 5% - 6% Organic

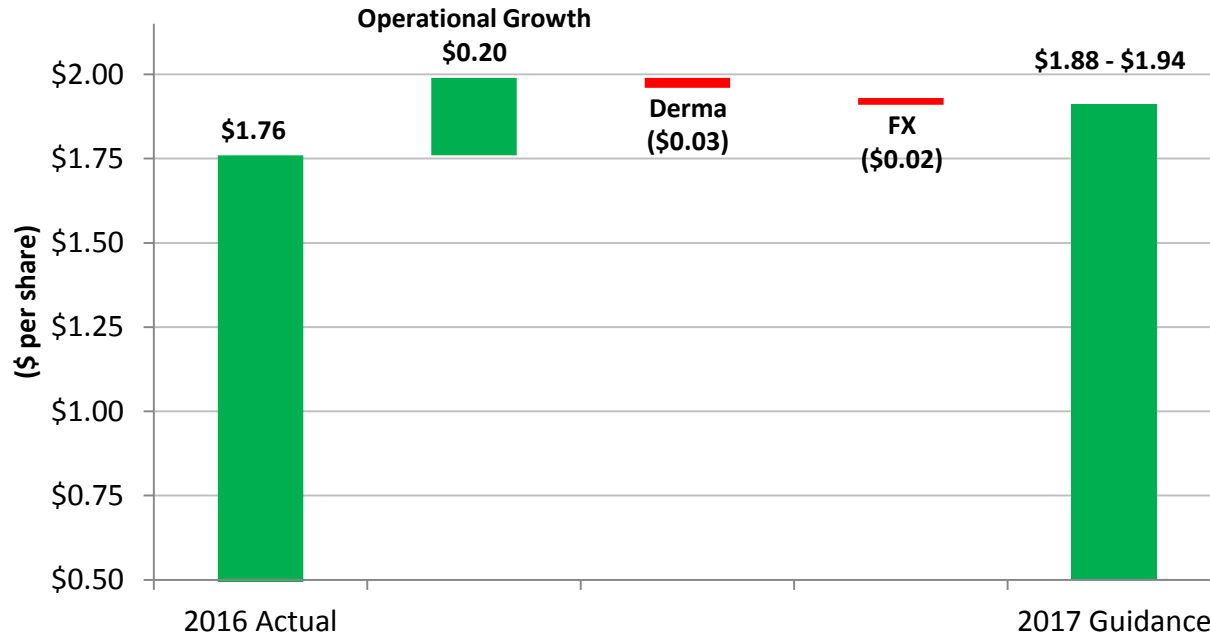
Fourth Quarter and YTD 2016 Results and 2017 Guidance

% of revenue	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change	2017 Guidance
Gross Margin	66.6%	62.7%	+390BPS	64.8%	63.0%	+180BPS	65% - 66%
Adj. Gross Margin*	70.2%	68.3%	+190BPS	69.5%	67.5%	+200BPS	69% - 70%
R&D	5.4%	5.7%	-30BPS	5.9%	5.8%	+10BPS	~6%
Adj. R&D*	5.4%	5.5%	-10BPS	5.8%	5.7%	+10BPS	~6%
SG&A	43.9%	45.5%	-160BPS	45.9%	47.1%	-120BPS	51% - 52%
Adj. SG&A*	41.9%	42.4%	-50BPS	43.4%	42.7%	+70BPS	43% - 44%
Net Income	\$28.2	\$15.0	88.0%	\$74.6	\$6.9	NM	\$39.3 - \$43.8
Adj. Net Income*	\$40.7	\$32.8	24.1%	\$135.3	\$108.6	24.6%	\$149.5 - \$153.5
Adj. EBITDA*	26.0%	23.5%	+250BPS	23.4%	22.2%	+120BPS	23% - 24%
Tax Rate	20.4%	23.2%	NM	17.5%	88.7%	NM	~15%
Adj. Tax Rate*	25.8%	28.1%	-230BPS	26.3%	30.4%	-410BPS	25% - 26%
Earnings per Share	\$0.35	\$0.20	75.0%	\$0.94	\$0.10	840.0%	\$0.49 - \$0.55
Adj. Earnings per Share*	\$0.52	\$0.44	18.2%	\$1.76	\$1.54	14.3%	\$1.88 - \$1.94

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

Strong 2016 Financial Results

Components of 2017 Adj. Earnings Per Share Guidance



First quarter Adjusted EPS expected to be flat to prior year Adjusted EPS

Double-Digit Adjusted EPS Growth Excluding Derma Sciences and FX

Cash Flow and Other Measures: Fourth Quarter and 2017 Guidance

(\$ millions)	Q4 2016	Q4 2015	Change	2017 Guidance
Operating Cash Flow [^]	\$49.3	\$25.6	92.6%	\$115 - \$145
CapEx	\$21.2	\$13.1	61.8%	~\$50 - \$55
Free Cash Flow*	\$28.1	\$12.5	124.8%	\$65 - \$90
FCF Conversion (TTM)*	82.7%	77.0%	+5.7Pts	40% - 60%
Depreciation	\$8.0	\$7.6	5.3%	~\$35M
Amortization	\$10.3	\$10.7	(3.7%)	~\$48M
Shares Out (Mil)	80.3	76.4	5.1%	79.0 - 79.5
Adj. Shares Out (Mil)*	77.9	75.0	3.9%	79.0 - 79.5

[^]Operating Cash Flow for Q4 2016 excludes \$42.8M of 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.

Strong Fourth Quarter Operating Cash Flow

2016 Year-End Capital Structure

Current Capitalization	
(\$ in millions)	12/31/2016
Cash and Equivalents	\$ 102

Revolver (\$1,000)	\$ 165
Term Loan	\$ 500
2016 Convertible Senior Notes	\$ 0
Total Debt (face value)	\$ 665

Net Debt	\$ 563
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Credit Statistics	
Bank Leverage Ratio*	2.4x
Max Leverage Ratio	4.5x
Current Acquisition Capacity	\$ 835

*This ratio is calculated per the Senior Credit Facility agreement

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

Pro Forma⁺ Capital Structure

Current Capitalization	
(\$ in millions)	
Cash and Equivalents (12/31/2016)	\$102

Revolver (\$1,000)	\$ 750
Term Loan A	\$ 500
Term Loan B [^]	\$ 700
Total Debt (face value)	\$1,950

Net Debt	\$ 1,850
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Credit Statistics	
Bank Leverage Ratio	~4.7x
Max Leverage Ratio	TBD

Strong Balance Sheet Enables Transformative Acquisitions

+ Pro Forma includes expected financial impact of Derma Sciences & Codman Neurosurgery







[^] Estimated financing for Codman Neurosurgery acquisition

Key Focus Areas for 2017 and Beyond

- 1 Execute on our 2017 financial targets
- 2 Focus on integration of Derma Sciences and closing of Codman Neurosurgery acquisition
- 3 Increase regenerative technology commercial investments and new product launches
 - Build upon 3 x 3 wound care strategy
 - Enhance market access and health economics value proposition
- 4 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

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%

Pro Forma⁺ Integra

	2016	2018 Financial Targets	2018 Pro Forma ⁺
Organic Revenue Growth	9%	6% - 8%	
with Acquisitions	12.4%	10%+ (3yr CAGR)	
Adj. Gross Margin	69.5%	70% - 71%	
Adj. EBITDA Margin	23.4%	~25%	
Adj. EPS Growth	14.3%	12%+	
Adj. FCF Conversion	82.7%	~95%	

With Acquisitions, Maintaining 6% - 8% Organic Growth and Accelerating Adjusted EBITDA Margin Expansion

+ ProForma incl. expected financial impact of Derma Sciences & Codman Neurosurgery

Appendix

Non-GAAP Reconciliations

Fourth Quarter and YTD 2016 Organic Growth Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
Specialty Surgical Solutions	\$163,777	\$153,082	\$632,524	\$586,918
Domestic	117,335	111,663	453,856	427,057
International	46,442	41,419	178,668	159,861
Orthopedics and Tissue Technologies	\$91,886	\$88,079	\$359,551	\$295,816
Domestic	80,825	75,854	311,752	253,767
International	11,061	12,225	47,799	42,049
Total Revenue	\$255,663	\$241,160	\$992,075	\$882,734
Domestic	198,160	187,517	765,608	680,824
International	57,503	53,643	226,467	201,910
Revenue from discontinued products	(770)	(2,199)	(6,282)	(13,338)
Revenue ex-discontinued products	\$254,893	\$238,961	\$985,793	\$869,396
Impact of changes in currency exchange	1,226		2,659	
Revenue from acquisitions*	(449)		(41,203)	
Organic Revenue	\$255,670	\$238,961	\$947,249	\$869,396
<i>Organic Revenue Growth</i>	7.0%		9.0%	

* Acquisitions include Salto Talaris®, Tekmed, and TEI.

Fourth Quarter and YTD 2016 & 2015

Adjusted EBITDA Margin Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
GAAP net income	\$28,246	\$14,980	\$74,564	\$6,851
Depreciation and intangible asset amortization expense	18,312	18,268	72,665	59,253
Other (income) expense, net	(1,243)	(1,604)	(845)	(4,588)
Interest (income) expense, net	6,538	6,101	25,779	23,504
Income tax expense (benefit)	7,228	4,531	15,842	53,820
Global ERP implementation charges	3,199	4,484	15,585	16,375
Structural optimization charges*	2,254	3,283	7,794	17,130
Certain employee severance charges	26	534	1,446	2,642
Acquisition-related charges	1,902	5,646	18,898	16,814
Post-Spin SeaSpine separation-related charges	-	445	-	3,801
Total of non-GAAP adjustments:	\$38,216	\$41,688	\$157,165	\$188,751
Adjusted EBITDA	\$66,462	\$56,668	\$231,728	\$195,602
Total Revenues	\$255,663	\$241,160	\$992,075	\$882,734
Adjusted EBITDA Margin	26.0%	23.5%	23.4%	22.2%

* For the Twelve Months Ended December 31, 2015, "Structural optimization charges" excludes \$(378) already included in "Other (income) expense, net" above.

Fourth Quarter and YTD 2016 and 2015 Adjusted EPS Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
GAAP net income	\$28,246	\$14,980	\$74,564	\$6,851
Global ERP implementation charges	3,199	4,484	15,585	16,375
Structural optimization charges	2,254	3,283	7,794	16,752
Certain employee severance charges	26	534	1,446	2,642
Acquisition-related charges	1,902	4,535	18,898	15,703
Post-Spin SeaSpine separation-related charges	-	445	-	3,801
Intangible asset amortization expense	10,298	10,704	41,502	32,235
Convertible debt non-cash interest	1,775	2,043	8,075	7,871
Estimated income tax impact from adjustments and other items	(6,961)	(8,249)	(32,520)	6,393
Total of non-GAAP adjustments:	\$12,493	\$17,779	\$60,780	\$101,772
Adjusted net income	\$40,739	\$32,759	\$135,344	\$108,623
Adjusted diluted net income per share	\$0.52	\$0.44	\$1.76	\$1.54
Weighted average common shares outstanding for diluted net income from continuing operations per share	80,286	76,370	79,194	71,354
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	(2,412)	(1,332)	(2,296)	(922)
Weighted average common shares outstanding for adjusted diluted net income per share	77,874	75,038	76,898	70,432

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

(In thousands)	Q4 2016	Q4 2015	TTM 2016	TTM 2015
GAAP Net cash provided by operating activities*^	\$49,315	\$25,640	\$159,191	\$117,063
Purchases of Property and Equipment	(21,192)	(13,099)	(47,328)	(33,413)
Free Cash Flow	\$28,123	\$12,541	\$111,863	\$83,650
Adjusted net income	\$40,739	\$32,759	\$135,344	\$108,623
Adjusted Free Cash Flow Conversion	69.0%	38.3%	82.7%	77.0%

*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.

^Operating cash flow excludes \$42.8M of accreted interest payment associated with the 2016 Convertible Notes.

Fourth Quarter and YTD 2016 Gross Margin Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
Reported Gross Profit	\$170,241	\$151,159	\$642,986	\$556,192
Structural optimization charges	1,354	1,426	4,480	6,799
Certain employee severance charges	12	158	499	654
Acquisition-related charges	1,025	4,761	13,890	9,968
Intangible asset amortization expense	6,846	7,169	27,640	22,282
Adjusted Gross Profit	\$179,478	\$164,673	\$689,495	\$595,895
Total Revenues	\$255,663	\$241,160	\$992,075	\$882,734
Adjusted Gross Margin	70.2%	68.3%	69.5%	67.5%

Fourth Quarter and YTD 2016 Adjusted SG&A Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
Reported SG&A	\$112,119	\$109,750	\$455,629	\$415,757
Global ERP implementation charges	3,199	4,484	15,585	16,375
Structural optimization charges	900	1,277	3,314	9,751
Certain employee severance charges	14	376	947	1,988
Acquisition-related charges	877	885	4,808	6,846
Post-Spin SeaSpine separation-related charges	-	445	-	3,801
Adjusted SG&A	\$107,128	\$102,283	\$430,974	\$376,996
Total Revenues	\$255,663	\$241,160	\$992,075	\$882,734
Adjusted SG&A (% of Revenue)	41.9%	42.4%	43.4%	42.7%

Fourth Quarter and YTD 2016 Adjusted R&D Reconciliation

(In thousands)	Q4 2016	Q4 2015	FY 2016	FY 2015
Reported R&D	\$13,901	\$13,866	\$58,155	\$50,895
Structural optimization charges	-	580	-	580
Acquisition-related charges	-	-	200	-
Adjusted R&D	\$13,901	\$13,286	\$57,955	\$50,315
Total Revenues	\$255,663	\$241,160	\$992,075	\$882,734
Adjusted R&D (% of Revenue)	5.4%	5.5%	5.8%	5.7%