

# Integra LifeSciences

39<sup>th</sup> Annual J.P. Morgan Healthcare Conference

January 14, 2021



# Safe Harbor Statement

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This presentation contains forward-looking statements that are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described. 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. This presentation contains forward-looking statements, including statements regarding the Company's unaudited, preliminary fourth quarter and full-year 2020 financial results, and 2021 revenue outlook; statements concerning the expected impact of COVID-19 on the Company; the Company's ability to execute the acquisition and integration of ACell, Inc.; the Company's liquidity and financial position; and future financial performance. Statements of past performance, efforts, or results about which assumptions or inferences may be made can also be forward-looking statements and are not indicative of future performance or results. Forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though they are inherently uncertain, difficult to predict, and may be outside of the company's control; these assumptions include, but are not limited to, when the impacts of COVID-19 may be the most severe and when and how the impacts of COVID-19 will subside. 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: risks and uncertainties associated with medical epidemics or pandemics, such as the COVID-19 pandemic; the Company's ability to execute its operating plan effectively; the Company's ability to successfully integrate acquired businesses; 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 the Company 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 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 acquisition and integration-related costs; the geographic distribution of where the Company generates its taxable income; the impact 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, 2019 and information contained in subsequent filings 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, among others, organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income and adjusted earnings per diluted share. 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) acquisition, divestiture and integration-related charges; (iii) COVID-19 related charges; (iv) EU Medical Device Regulation-related charges; (v) litigation charges; (vi) discontinued product lines charges; (vii) intangible asset amortization expense; (viii) convertible debt non-cash interest; (ix) expenses related to debt refinancing; and (x) 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 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 regarding its third quarter 2020 earnings press release filed with the Securities and Exchange Commission on October 28, 2020, which 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).

# Integra at a Glance

**~\$8.0B**

Total Addressable  
Market

**A Global Leader in Neurosurgery &  
Regenerative Tissue Technologies**

**\$1.5 Billion**

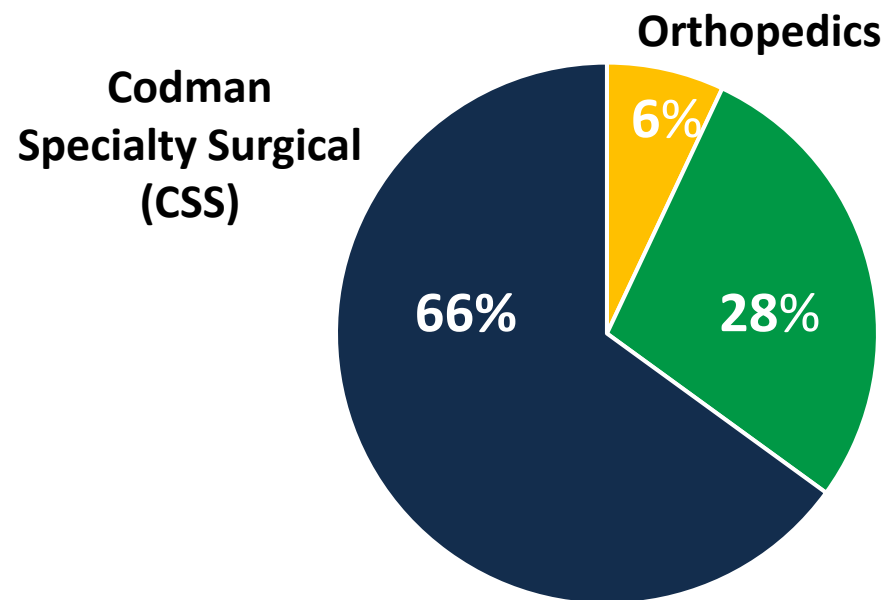
FY 2019 Revenues<sup>(1)</sup>

**~30%**



International Sales

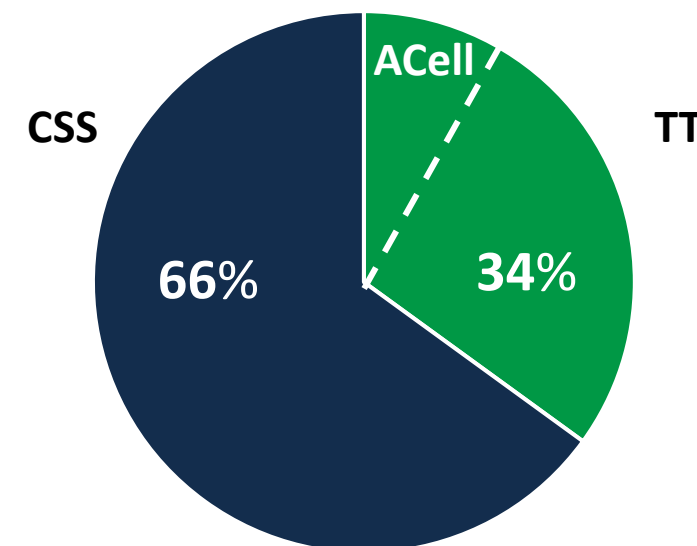
**2019 Integra as reported**



Tissue  
Technologies  
(TT)

2020 Portfolio  
Changes

**2019 Integra Pro Forma<sup>1</sup>**



(1) Pro forma 2019: Excludes Extremity Orthopedics and includes ACell; 2019 ACell reported revenues \$100.8 million. Acquisition is subject to regulatory approval

# Announcing Preliminary Fourth Quarter 2020 Revenue

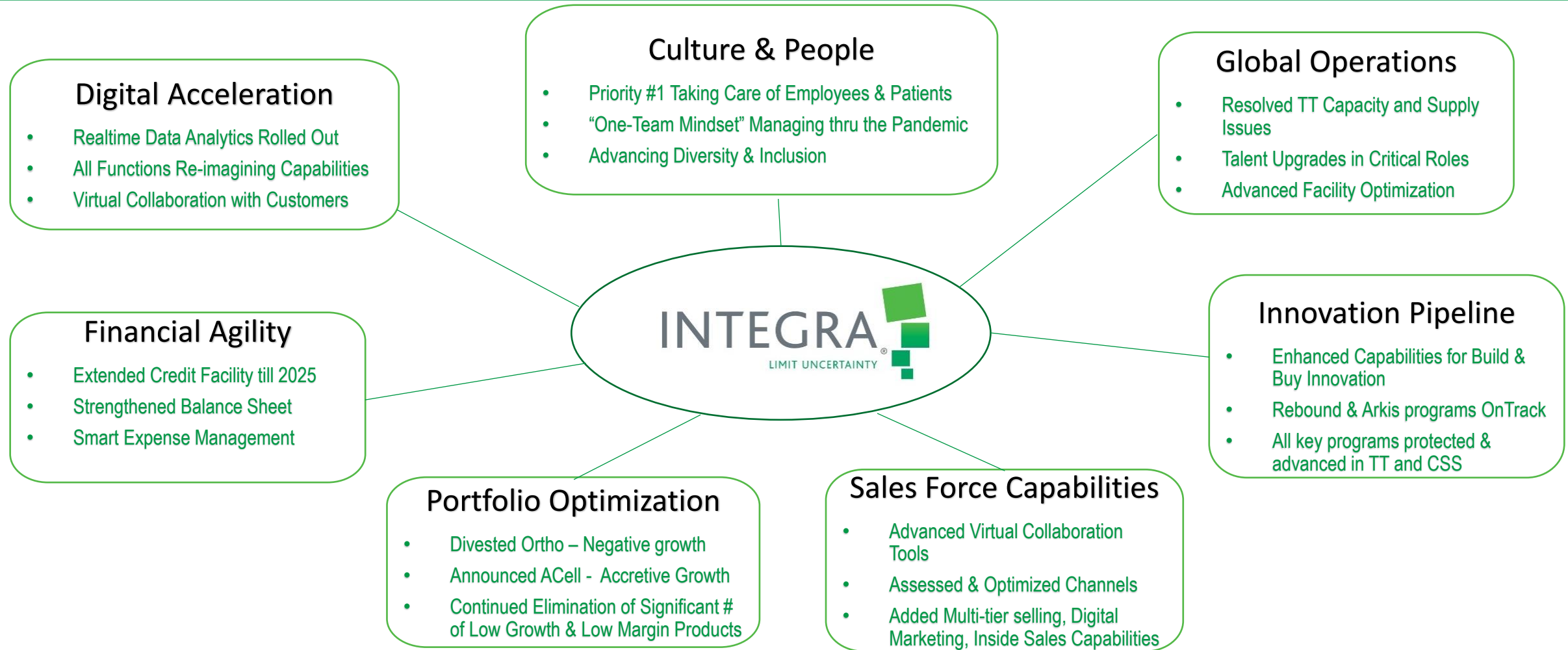
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## Preliminary Fourth Quarter and Full-Year 2020 Revenue Results

- Fourth quarter 2020 revenue is expected to be in a range of \$387 to \$389 million, representing a decrease of 2.1% to 1.6% on a reported basis and a decrease of 1.9% to 1.4% on an organic basis compared to the prior year
- The Company expects full-year 2020 reported revenue to be in a range of \$1,370 million to \$1,372 million, representing a decrease of 9.7% to 9.6% on a reported basis and a decrease of 8.8% to 8.7% on an organic basis

**Fourth Quarter and Full-Year 2020 Results to be Reported on February 18, 2021**

# Optimizing Integra in 2020



**Significant Progress in Challenging Times... Positioning the Company to Accelerate Growth**

# Integra – Where We Are Going

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## Growing Markets with Leadership Positions

- Significant market expansion opportunities
  - Neurosurgery – Accelerate growth through innovation and adjacencies
  - Tissue Technologies – Differentiated portfolio and expansion in plastic & surgical reconstruction, complex wounds & peripheral nerve repair

## Accelerating Organic Growth

- Multiple new product introductions in 2021 and ongoing benefit from recently launched products and global registrations
- Leveraging presence in high-growth international markets
- Shifting portfolio to higher growth products

## Margin Expansion

- Faster growth in higher margin products
- Accretive strategic portfolio decisions and M&A
- Benefitting from product rationalization and manufacturing optimization

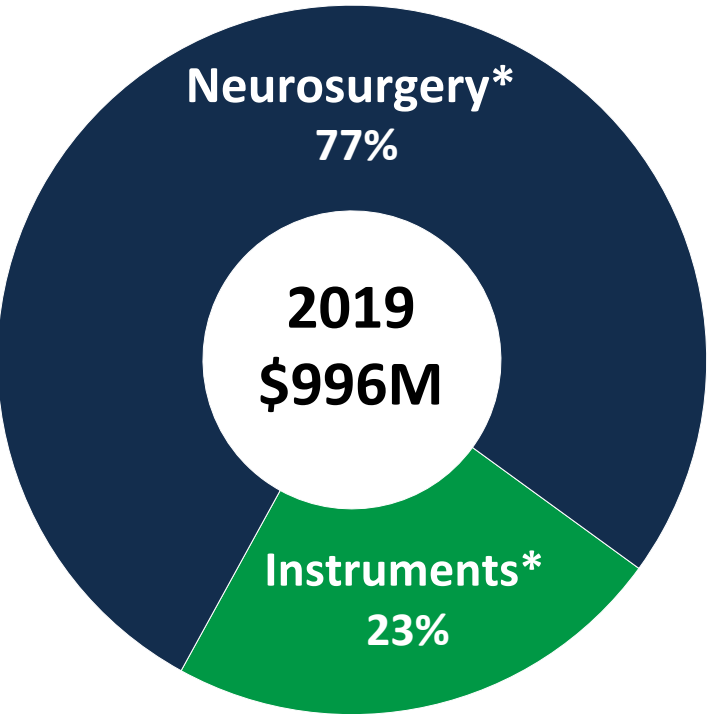
## Financial Strength

- Solid balance sheet with accelerating Operating and Free Cash Flow
- Capital Allocation Priorities: M&A, Debt Reduction, and Share Buybacks



# Codman Specialty Surgical – At a Glance

## Codman Special Surgical



**37%**  
International Sales

\* Revenue percentages reflect certain product families reclassified from Instruments into Neurosurgery in 2020

## Global Leader in Neurosurgery - Offering Full Continuum of Care

Dural Access & Repair	Advanced Energy	Neuro - Monitoring	CSF Management	MIS / ICH
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### Disease States

Brain Tumor	Traumatic Brain Injury	Hydrocephalus	Hemorrhagic Stroke
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### Leading Brands & Pipeline of Innovation

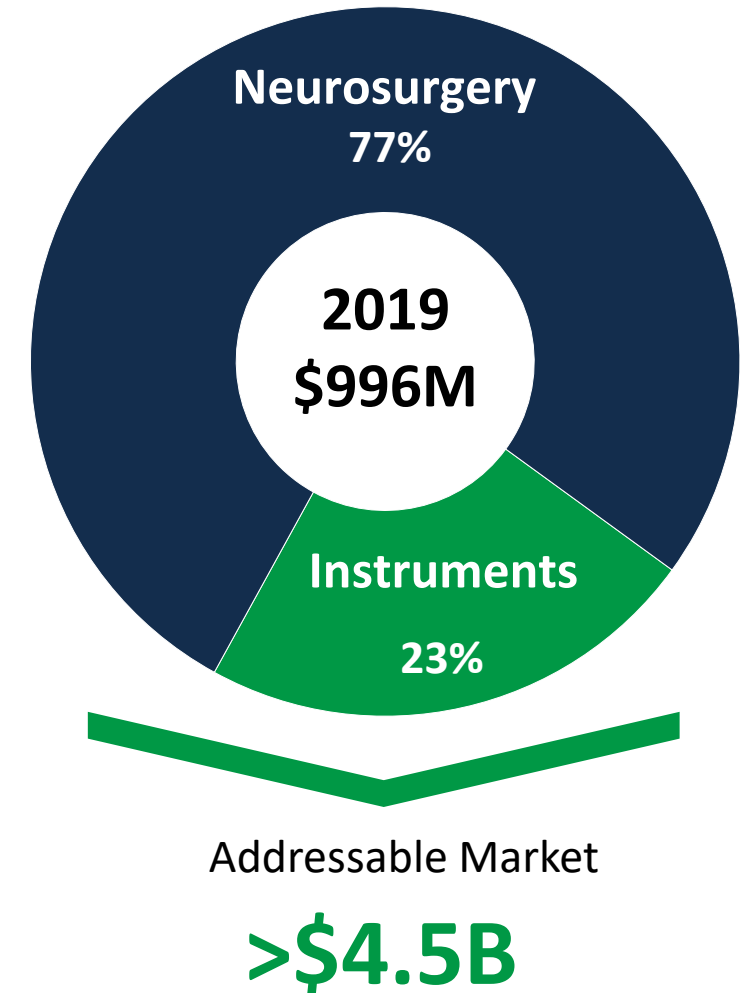




# Codman Specialty Surgical (CSS) – At a Glance

## Growth Drivers

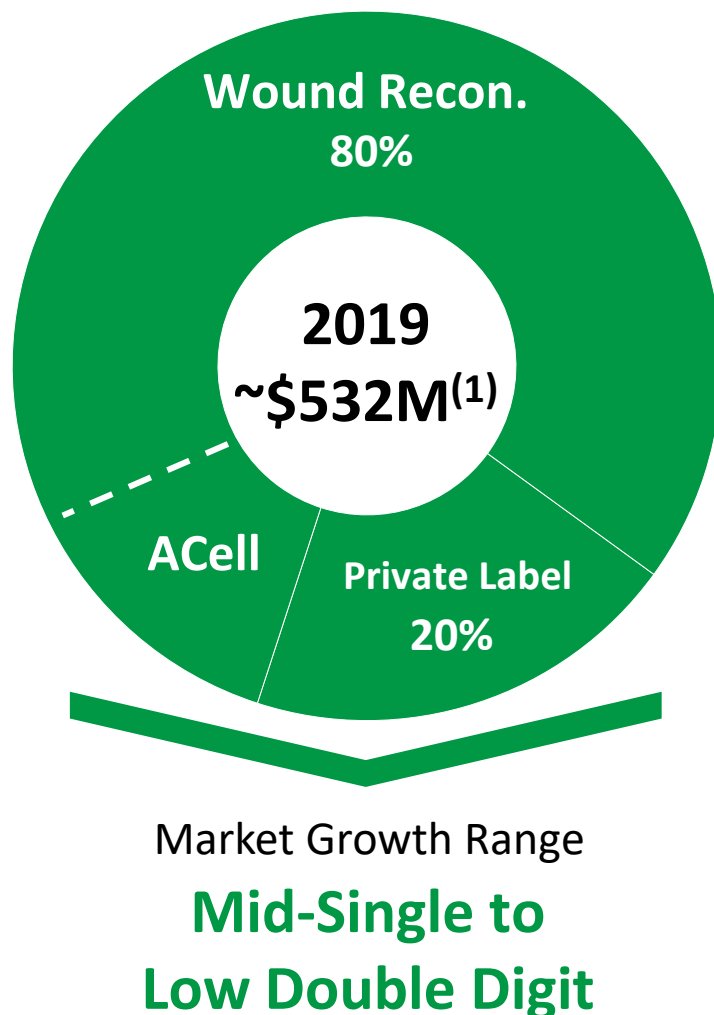
- New product introductions in 2021 and ongoing benefit from recently launched products
- Market development and expansion into adjacencies
- Accelerating product registrations in faster growing international markets
- Large global neurosurgery sales force with capacity for expansion
- Strategic M&A (Rebound & Arkis) & OUS business partnerships accelerate growth



**Strong Global Relevance and Customer Access**

# The New Tissue Technologies – At a Glance

## 2019 Tissue Tech Pro Forma<sup>(1)</sup>



### Complex Wound Reconstruction

- 2<sup>nd</sup> & 3<sup>rd</sup> degree burns
- Skin ulcers (DFU/VLU)
- Tissue Trauma
- Necrotizing Fasciitis

### Surgical Reconstruction

- Plastic reconstruction
- Complex hernia repair
- Soft tissue and muscle flap reinforcement

### Peripheral Nerve Repair

- Peripheral nerve repair
- Management of nerve and tendon injuries

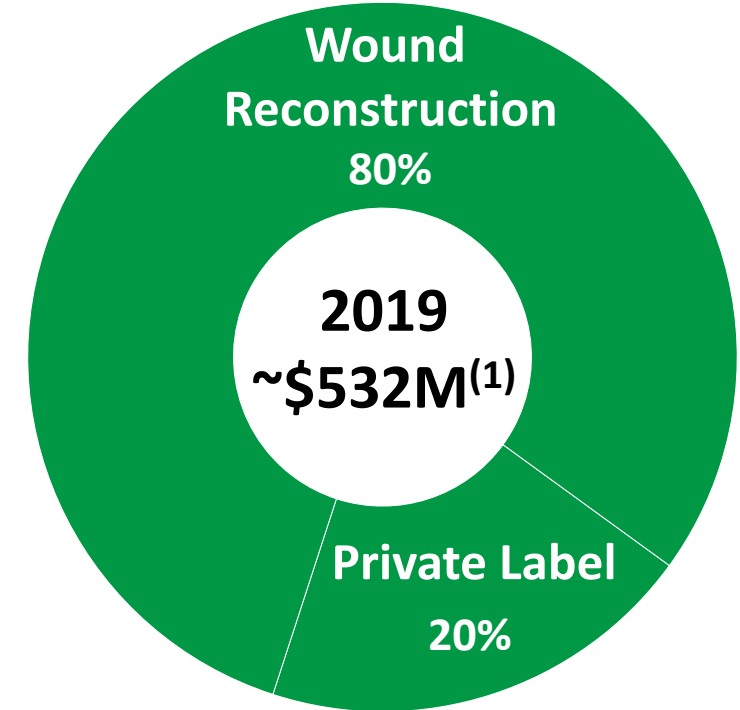


(1) Pro forma 2019: Wound Reconstruction revenue of \$322.7 million, Private Label of \$108.5 million. Excludes Extremity Orthopedics of \$90.1 million and includes ACell; 2019 ACell reported revenues \$100.8 million. Acquisition is subject to regulatory approval

# Tissue Technologies – At a Glance

## Growth Drivers

- Fast growing end markets (mid-single to low double-digit growth)
- Portfolio changes (Ortho divestiture / ACell acquisition) accretive to growth
- Large, complementary portfolio of products to address complex wounds and plastic and surgical reconstructive procedures
- Expand clinical indications across all platforms of tissue reconstruction to accelerate growth
- Completed investments to expand tissue manufacturing capacity
- Technology platforms drive innovation and opportunity for future tuck-in acquisitions

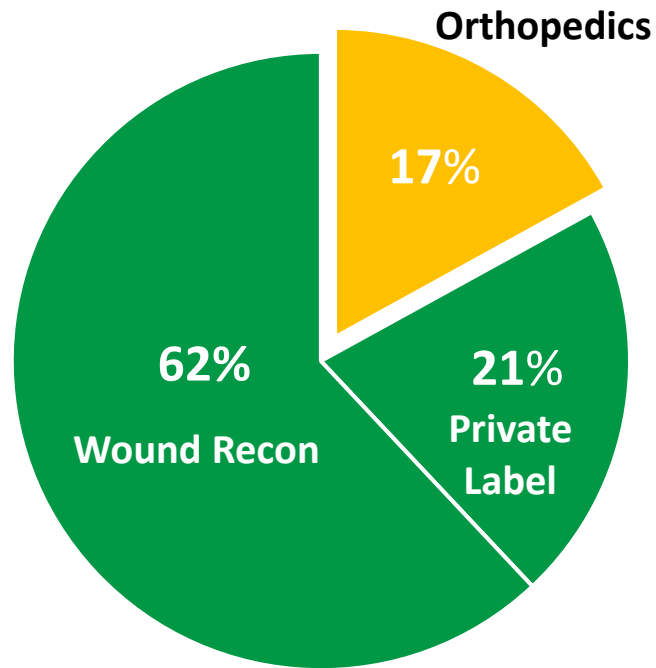


## Focused Leadership with Opportunities to Accelerate Growth

(1) Pro forma 2019: Wound Reconstruction revenue of \$322.7 million, Private Label of \$108.5 million. Excludes Extremity Orthopedics of \$90.1 million and includes ACell; 2019 ACell reported revenues \$100.8 million. Acquisition is subject to regulatory approval

# Tissue Technologies Post Orthopedics Divestiture

## 2019 OTT as reported



## Key Integra PF Financial Metrics <sup>(1)</sup>

PF Organic Growth<sup>(2)</sup> **~+50bps higher**

PF Adj. Gross Margin<sup>(3)</sup> **slightly lower**

PF Adj. Oper. Exp. <sup>(3)</sup> **~+170bps lower**

PF Adj. EBITDA Contribution<sup>(3)</sup> **~+140bps higher**

## Ortho Sales Productivity

Revenue Per Sale Rep

**~3x lower**

vs PF Integra<sup>(3)</sup>

## Ortho Inventory

% of Integra Inv.

**~15%**

vs 6% of Integra Revenue

## Ortho SKU Count

% of Integra Inv.

**~15%**

vs 6% of Integra Revenue

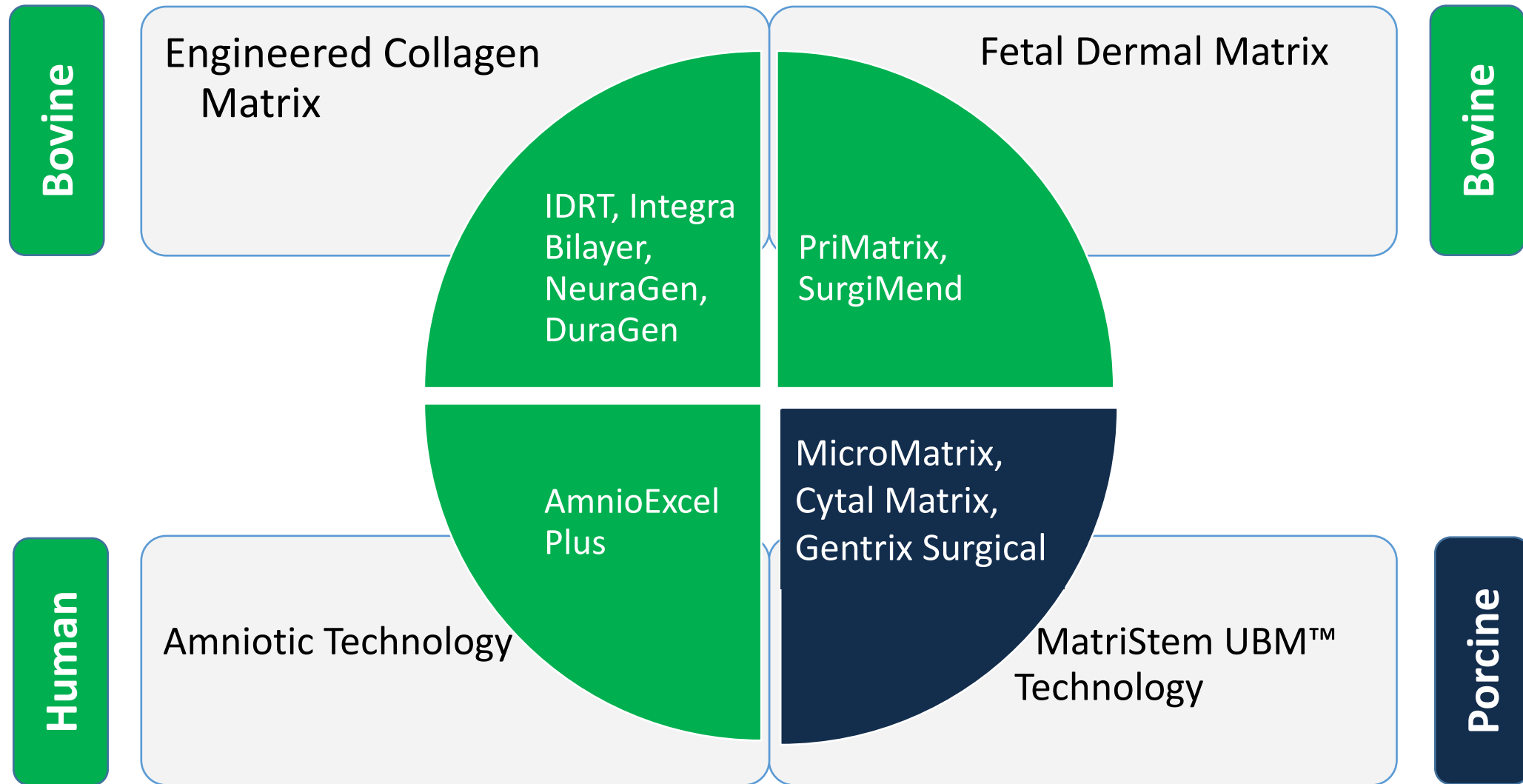
**Simplification**

(1) Before adding in the PF contribution of the ACELL acquisition, which is expected to be completed in Q1 2021

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

(3) Pro forma 2019 (estimate, unaudited)

# ACell Adds Complementary Porcine Technology Platform



**Building Out the Reconstructive and Plastic Surgeon's Tool Kit**

# Portfolio Effect of Divesting Extremity Orthopedics and Adding ACell

## 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

+ 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

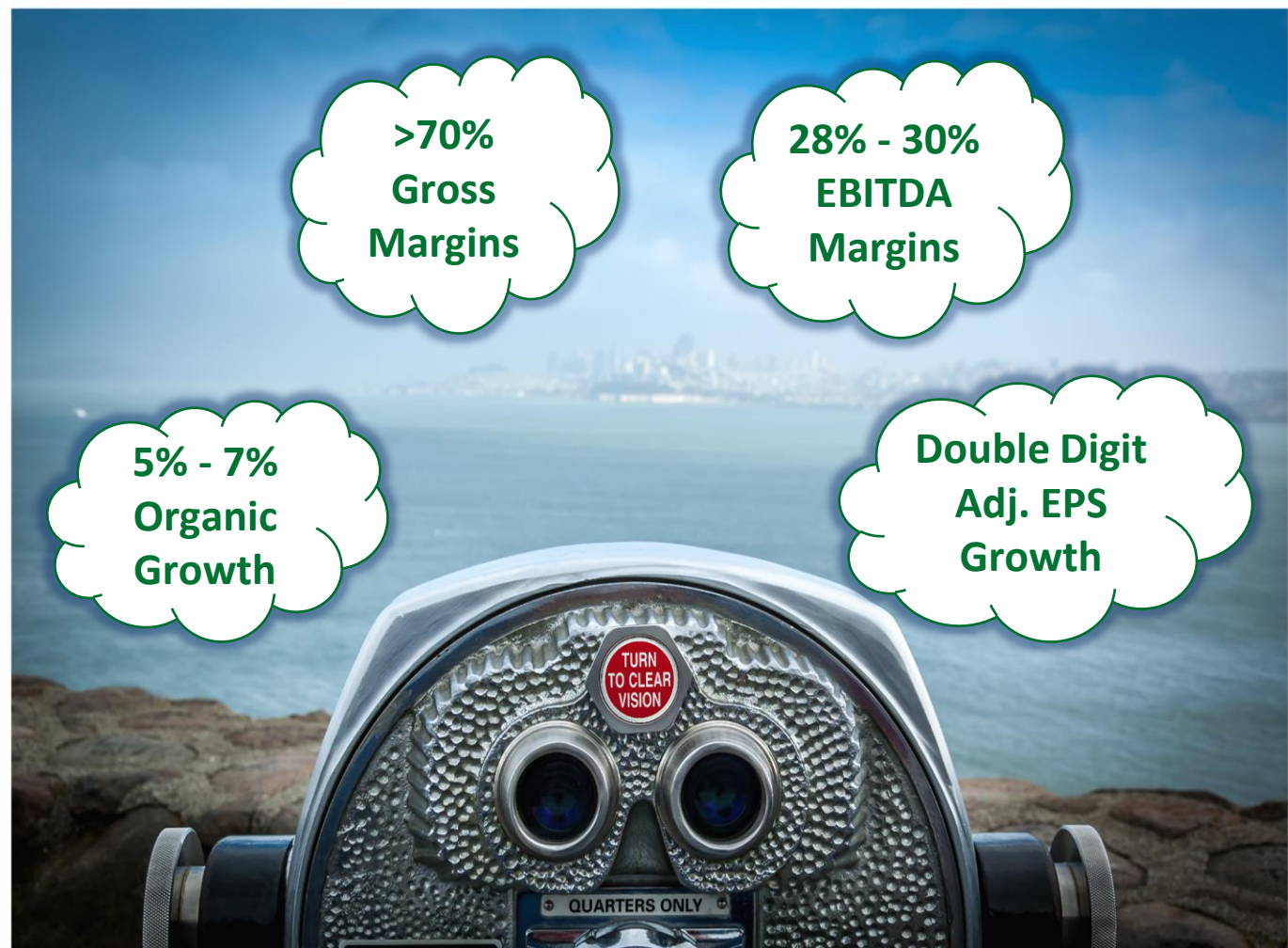
(1) Average over past two years (2018 & 2019 estimate, unaudited)

(2) Pro forma 2019 (estimate, unaudited)

(3) Preliminary company estimates

(4) Inclusive of the PF impact of the divestiture of the Ortho business and acquisition of ACell

# 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 market
- Margin expansion via portfolio and manufacturing optimization & G&A leverage
- Acquisitions to build scale and differentiation



