



Fourth Quarter 2017 Earnings Call Presentation

Safe Harbor Statement

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 "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 integration of the Codman Neurosurgery business, the benefits of the Codman acquisition, including future financial and operating results, Integra's plans, objectives, expectations and intentions as well as statements about estimates of revenues, organic growth, operating margins, capital expenditures, cash and other financial metrics. No forward-looking statement can be guaranteed and actual results may differ materially from those we project depending upon a number of factors. These factors include, among other things, the following: the effects of disruption caused by the Codman acquisition making it more difficult for Integra to execute its operating plan effectively or to maintain relationships with employees, vendors and other business partners; Integra's ability to successfully integrate the Codman Neurosurgery and Derma businesses and other acquired businesses; Integra's ability to successfully sustain manufacturing operations at full capacity at our Puerto Rico facility and the restoration of infrastructure and other essential services in Puerto Rico; 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 existing, recently launched and planned products; difficulties or delays in manufacturing; the availability and pricing of third party sourced products and materials; sales growth of recently launched products; competition from other products (domestic or foreign); 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. 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.

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; (vii) discontinued product lines charges; (viii) income tax impact from adjustments; (ix) Hurricane related expenses 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 Key Messages

TOTAL COMPANY VIEW

- Fourth quarter 2017 revenue of \$368.6M, up 44.2% vs. prior year
- Fourth quarter organic sales growth of 5.8%
- Fourth quarter adjusted earnings per diluted share of \$0.64, up 23.1% vs. prior year



CODMAN SPECIALTY SURGICAL

- Dural Repair growth improved sequentially, driven by strength in both DuraGen® and DuraSeal®
- Growth of CUSA® Clarity & funnel of opportunities remain strong
- Acquired Codman revenues outperformed in the quarter due to minimal transition disruption

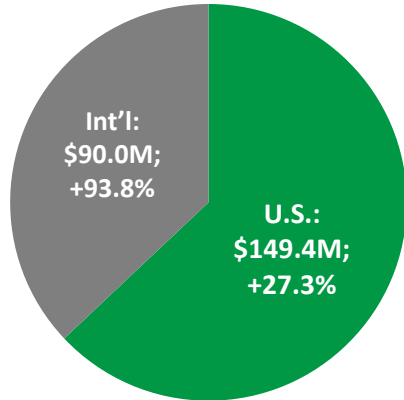
ORTHOPEDICS & TISSUE TECHNOLOGIES

- Organically, OTT Regenerative products grew high-single digits
- Recovery in Puerto Rico contributed to double-digit growth in Private Label
- Sales in both total ankle and shoulder increased double-digits
- Derma Sciences sales exceeded expectations

Finished 2017 with Strong Performance; Acquisition Integration on Track

Codman Specialty Surgical Revenue

Fourth Quarter 2017
\$239.4M; +46.2% Reported



Highlights

- Dural Repair increased about 5%
- CUSA® Clarity grew double-digits sequentially; good momentum and strong funnel heading into 2018
- Precision Tools & Instruments grew low-single digits
- Strong OUS performance with high-single digit growth driven by Europe & Asia Pacific
- Codman Revenue of ~\$77M, exceeded the high-end of our guidance range

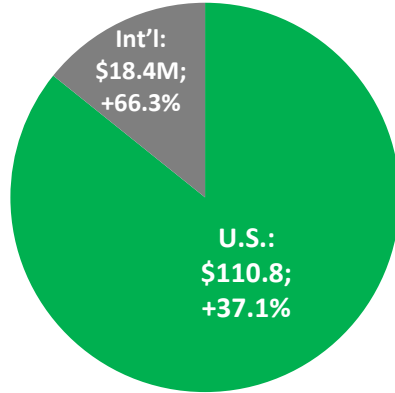
****All Commentary in Constant Currency****

	Q4 2017	Q4 2016	Growth	FY 2017	FY 2016	Growth	2018 Guidance
Revenue	\$239.4M	\$163.8M	46.2%	\$720.3M	\$632.6M	13.9%	32% - 34%
Organic	----	----	2.3%	----	----	2.6%	~2%

Strong Q4 2017 Close; 2018 Organic Growth to Accelerate in 2H 2018

Orthopedics & Tissue Technologies Revenue

Fourth Quarter 2017
\$129.2M; +40.6% Reported



Highlights

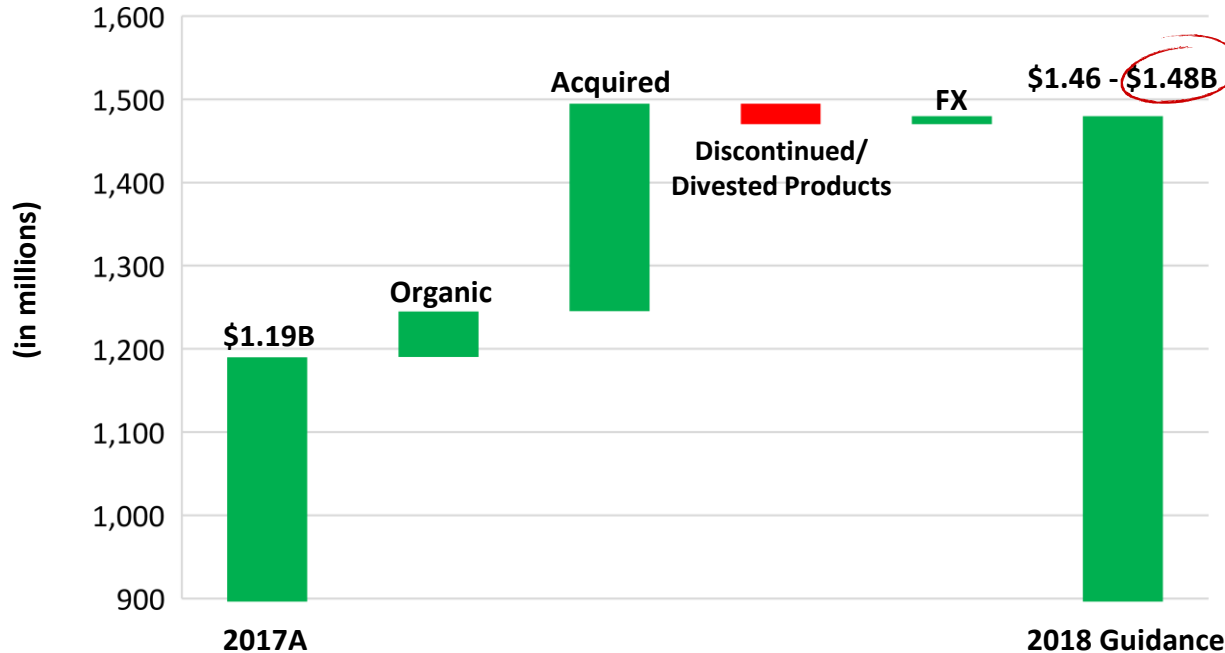
- Regenerative Technologies delivered high-single digit growth, led by strong sales in Integra skin and PriMatrix®
- Double-digit growth in Private Label
- Extremity Orthopedics
 - Ankle and shoulder portfolios achieved double-digit growth
 - Lower extremities, excluding ankle, declined mid-single digits
- Derma Sciences revenue of \$26.2M, exceeded expectations

All Commentary in Constant Currency

	Q4 2017	Q4 2016	Growth	FY 2017	FY 2016	Growth	2018 Guidance
Revenue	\$129.2M	\$91.8M	40.6%	\$467.9M	\$359.5M	30.1%	10% - 12%
Organic	----	----	11.6%	----	----	7.8%	8% - 10%


Strong Fourth Quarter Performance with Double-Digit Organic Growth

Components of 2018 Revenue Guidance



Full Year 2018

- Organic growth of ~5%
- Acquired revenues of ~\$250M
- Foreign currency expected to have a positive impact of ~\$10M
- Discontinued/ divested products represent a headwind of about ~\$25M


2018 Organic Growth:
 ~5%

2018 Reported Growth:
 24% to 27%

Full-Year Revenue Guidance of \$1.46 - \$1.48 Billion, ~5% Organic
First Quarter 2018 Revenue Guidance Range of \$347 to \$352 Million, ~2% Organic

Fourth Quarter and YTD Results and 2018 Guidance

% of revenue	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change	2018 Guidance
Gross Margin	59.8%	66.6%	(680BPS)	63.3%	64.8%	(150BPS)	62% - 63%
Adj. Gross Margin*	67.1%	70.2%	(310BPS)	68.5%	69.5%	(100BPS)	68% - 69%
R&D	4.7%	5.4%	(70BPS)	5.3%	5.9%	(60BPS)	~6%
SG&A	51.7%	43.9%	780BPS	52.5%	45.9%	660BPS	47% - 48%
Adj. SG&A*	41.1%	41.9%	(80BPS)	43.5%	43.4%	10BPS	42% - 43%
Net Income	\$44.4	\$28.2	57.4%	\$64.7	\$74.6	(13.3%)	\$50 - \$60M
Adj. Net Income*	\$51.0	\$40.7	25.3%	\$153.4	\$135.3	13.4%	\$180 - \$190M
Adj. EBITDA*	24.1%	26.0%	(190BPS)	22.7%	23.4%	(70BPS)	23% - 24%
Tax Rate	1,064.9%	20.4%	NM	(468.7%)	17.5%	NM	8% - 10%
Adj. Tax Rate*	20.8%	25.8%	(500BPS)	23.2%	26.3%	(310BPS)	~20%
Earnings per Share	\$0.56	\$0.35	60.0%	0.82	\$0.94	(12.8%)	\$0.60 - \$0.70
Adj. Earnings per Share*	\$0.64	\$0.52	23.1%	\$1.94	\$1.76	10.2%	\$2.25 - \$2.35

Expect to be at High-End of 2018 Adj. EPS Guidance Range Due to Lower Tax Rate

Cash Flow and Other Measures: Fourth Quarter and 2018 Guidance

(\$ millions)	Q4 2017	Q4 2016	Change	2018 Guidance
Operating Cash Flow ⁽²⁾	\$11.6	\$49.3	(76.5%)	~\$145 - \$165M
CapEx	\$13.7	\$21.2	(34.9%)	~\$65 - \$75M
Free Cash Flow ⁽¹⁾	(\$2.1)	\$28.1	(107.5%)	~\$80 - \$90
FCF Conversion (TTM) ⁽¹⁾	46.3%	82.7%	(36.4Pts)	~50%
Depreciation	\$9.8	\$8.0	22.5%	~\$45M
Amortization	\$16.9	\$10.3	64.1%	~\$70M
Shares Out (Mil)	79.7	80.3	(0.7%)	~80M
Adj. Shares Out (Mil) ⁽¹⁾	79.7	77.9	2.3%	~80M

Debt Reduction and Reducing Leverage is Short Term Priority

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

(2) Operating Cash Flow for Q4 2016 excludes \$42.8M of accreted interest payment associated with the 2016 Convertible Notes.

Current Capital Structure

December 31, 2017 Capitalization	
(\$ in millions)	
Cash and Equivalents	\$ 175
Revolver	\$ 655
Term Loans	\$ 1,200
Total Debt	\$ 1,855
Net Debt	\$ 1,680
Bank Leverage Ratio	4.1x

Fixed vs. Variable Rate Debt				
	Oct. 2, 2017	%	Dec. 31, 2017	%
Fixed Rate*	\$400M	22%	\$900M	49%
Floating Rate	\$1,420M	78%	\$955M	51%
Total	\$1,820M		\$1,855M	

* 2018 Interest expense expected to be \$75 - \$80M

**Reducing Leverage Ahead of Schedule
Locked in Favorable Fixed Interest Rates in Q4**

Key Focus Areas for 2018

EXECUTE ON 2018 FINANCIAL TARGETS

- Organic revenue growth of ~5%
- Adjusted EBITDA margin expansion of 75 – 100BPS
- Adjusted EPS growth of greater than 20%

CODMAN SPECIALTY SURGICAL

- Execute Codman integration and begin to exit TSA's
- Product development pipeline and new product registrations
- Leverage expanded global sales team and minimize territory disruptions

ORTHOPEDICS & TISSUE TECHNOLOGIES

- Leverage new channel expansion & increased focus to drive growth
- Execute on New Product Introductions in global markets
- Regenerative investments in R&D, Clinical and Regulatory

Positioned to Achieve Strong Growth for 2018



Appendix & Non-GAAP Reconciliations

Fourth Quarter and YTD 2017 Organic Growth Reconciliation

(In thousands)	Q4 2017	Q4 2016	FY 2017	FY 2016
Codman Specialty Surgical	\$239,394	\$163,777	\$720,301	\$632,524
Orthopedics and Tissue Technologies	\$129,208	\$91,886	\$467,935	\$359,551
Total Revenue	\$368,602	\$255,663	\$1,188,236	\$992,075
Revenue from divested/discontinued products ⁽¹⁾	(2,434)	(10,275)	(29,450)	(41,092)
Revenue ex-discontinued products	\$366,168	\$245,388	\$1,158,786	\$950,983
Impact of changes in currency exchange	(3,266)	-	(2,427)	-
Revenue from acquisitions ⁽²⁾	(103,347)	-	(162,075)	-
Organic Revenue	\$259,555	-	\$994,284	-
<i>Organic Revenue Growth</i>	<i>5.8%</i>		<i>4.6%</i>	

(1) Organic Revenue Growth has been restated for PY 2016 to account for discontinued products which include divestitures related to the Codman acquisition.

(2) Acquisitions include Codman Neurosurgery, Derma Sciences & TGX Medical.

Fourth Quarter and YTD 2017 & 2016 Adjusted EBITDA Margin Reconciliation

(In thousands)	Q4 2017	Q4 2016	FY 2017	FY 2016
GAAP net income	\$44,355	\$28,246	\$64,743	\$74,564
Depreciation and intangible asset amortization expense	26,665	18,312	92,236	72,665
Other (income) expense, net	(2,391)	(1,243)	(963)	(845)
Interest expense, net	16,851	6,538	34,764	25,779
Income tax expense (benefit)	(48,952)	7,228	(53,358)	15,842
Global ERP implementation charges	(480)	3,199	2,780	15,585
Structural optimization charges	2,000	2,254	7,336	7,794
Certain employee severance charges	-	26	125	1,446
Acquisition-related charges	49,028	1,902	117,947	18,898
Discontinued product lines charges	131	-	1,156	-
Hurricane-related losses	1,498	-	2,758	-
Total of non-GAAP adjustments:	\$44,350	\$38,216	\$204,781	\$157,165
Adjusted EBITDA	\$88,705	\$66,462	\$269,524	\$231,728
Total Revenues	\$368,602	\$255,663	\$1,118,236	\$992,075
Adjusted EBITDA Margin	24.1%	26.0%	22.7%	23.4%

Fourth Quarter and YTD 2017 and 2016 Adjusted EPS Reconciliation

(In thousands)	Q4 2017	Q4 2016	FY 2017	FY 2016
GAAP net income	\$44,355	\$28,246	\$64,743	\$74,564
Global ERP implementation charges	(480)	3,199	2,780	15,585
Structural optimization charges	2,000	2,254	7,336	7,794
Certain employee severance charges	-	26	125	1,446
Acquisition-related charges	49,028	1,902	117,947	18,898
Hurricane-related losses	1,498	-	2,758	-
Discontinued product line charges	131	-	1,156	-
Intangible asset amortization expense	16,873	10,298	56,125	41,502
Convertible debt non-cash interest	-	1,775	-	8,075
Estimated income tax impact from adjustments and other items ⁽¹⁾	(62,375)	(6,961)	(99,602)	(32,520)
Total of non-GAAP adjustments:	\$6,676	\$12,493	\$88,624	\$60,780
Adjusted net income	\$51,030	\$40,739	\$153,368	\$135,344
Adjusted diluted net income per share	\$0.64	\$0.52	\$1.94	\$1.76
Weighted average common shares outstanding for diluted net income from continuing operations per share	79,684	80,286	79,121	79,194
Weighted average common shares outstanding adjustment for economic benefit of convertible bond hedge transactions	-	(2,412)	-	(2,296)
Weighted average common shares outstanding for adjusted diluted net income per share	79,684	77,874	79,121	76,898

(1) Q4 2017 includes a \$43.4M benefit relating to deferred tax rate changes for the U.S. Tax Cuts and Jobs Act

Fourth Quarter and YTD 2017 and 2016 (TTM)

Free Cash Flow Conversion Reconciliation

(In thousands)	Q4 2017	Q4 2016	TTM 2017	TTM 2016
GAAP Net cash provided by operating activities	\$11,558	\$49,315	\$114,546	\$159,191
Purchases of Property and Equipment	(13,697)	(21,192)	(43,503)	(47,328)
Free Cash Flow	(\$2,139)	\$28,123	\$71,043	\$111,863
Adjusted net income	\$51,031	\$40,739	\$153,368	\$135,344
Adjusted Free Cash Flow Conversion	(4.2%)	69.0%	46.3%	82.7%

Fourth Quarter and FY 2017 Gross Margin Reconciliation

(In thousands)	Q4 2017	Q4 2016	FY 2017	FY 2016
Reported Gross Profit	\$220,431	\$170,241	\$752,725	\$642,986
Structural optimization charges	1,092	1,354	4,273	4,480
Certain employee severance charges	-	12	-	499
Acquisition-related charges	12,879	1,025	16,981	13,890
Discontinued product line charges	131	-	1,156	-
Hurricane-related losses	1,454	-	2,714	-
Intangible asset amortization expense	11,479	6,846	35,755	27,640
Adjusted Gross Profit	\$247,466	\$179,478	\$813,604	\$689,495
Total Revenues	\$368,602	\$255,663	\$1,188,236	\$992,075
Adjusted Gross Margin	67.1%	70.2%	68.5%	69.5%

Fourth Quarter and FY 2017 Adjusted SG&A Reconciliation

(In thousands)	Q4 2017	Q4 2016	FY 2017	FY 2016
Reported SG&A	\$190,639	\$112,119	\$624,096	\$455,629
Global ERP implementation charges	(480)	3,199	2,780	15,585
Structural optimization charges	908	900	3,063	3,314
Certain employee severance charges	-	14	125	947
Acquisition-related charges	38,793	877	101,348	4,808
Hurricane-related losses	44	-	44	-
Adjusted SG&A	\$151,374	\$107,128	\$516,736	\$430,974
Total Revenues	\$368,602	\$255,663	\$1,188,236	\$992,075
Adjusted SG&A (% of Revenue)	41.1%	41.9%	43.5%	43.4%