

Fourth Quarter and Full Year 2015 Earnings Call Presentation

February 25, 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.”

Fourth Quarter and Full Year 2015 Financial Highlights

(\$ millions)	Q4 2015	Q4 2014	Change	FY 2015	FY 2014	Change
Revenue	\$ 241.2	\$ 219.1	10.1%	\$ 882.7	\$ 796.7	10.8%
Organic Growth*	3.9%	-	NM	6.7%	5.0%	+170BPS
Adj. EBITDA Margin*	23.5%	25.2%	(170BPS)	22.2%	21.6%	+60BPS
Adj. Net Income*	\$ 32.8	\$ 30.6	7.2%	\$ 108.6	\$ 91.9	18.2%
Adj. EPS* ⁺	\$ 0.87	\$ 0.92	(5.4%)	\$ 3.08	\$ 2.79	10.4%
Cash Flows from Operations	\$ 25.4	\$ 17.9	41.8%	\$ 106.7	\$ 58.8	81.3%
Free Cash Flow Conversion* (TTM)	67.5%	22.3%	NM	67.5%	22.3%	NM

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

+ Adjusted shares outstanding includes shares issued in August 2015 equity offering.

Recent Accomplishments



- FDA approval for Omnigraft™ PMA supplement for use in diabetic foot ulcers
- Omnigraft™ commercialization plans on track for mid-2016
- TEI integration nearly complete and sales channels fully aligned
- Salto Talaris® ankle integration on track - Sales rep training and medical education underway
- Expanded European infrastructure by going direct in Italy through acquisition of long-time neurosurgery distributor
- Received clearance for Fin-Lock™ glenoid, the first in a series of new product introductions in Extremities
- Dural Repair and Precision Tools & Instruments continue to perform with high-single digit organic growth

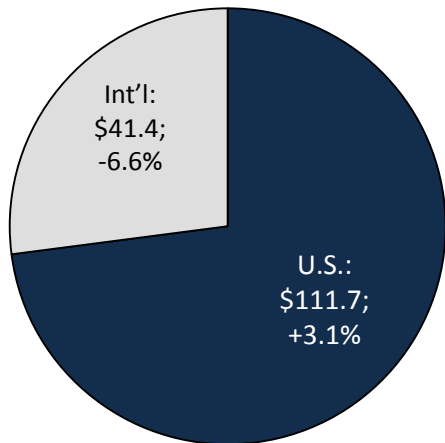
Delivered on 2015 strategic and financial objectives

Positioned for accelerated growth in 2016

Specialty Surgical Solutions Revenue Discussion

Fourth Quarter 2015
\$153.1M; +0.3% Reported, 2.6% Constant Currency

\$ in millions
 As reported



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

- Dural repair sales increased high single digits driven by increased demand from existing and new customers
- Precision Tools & Instruments organic sales increased high single digits driven by Mayfield® 2 system and Instruments
- Neuro Critical Care and Tissue Ablation sales decreased mid-single digits against a strong comparison, as expected
- International sales increased low single digits, driven by MicroFrance and strength in China and Australia

	Q4 2014	Q4 2015
Revenue	\$152.7M	\$153.1M
Reported	-	0.3%
Organic	-	2.4%

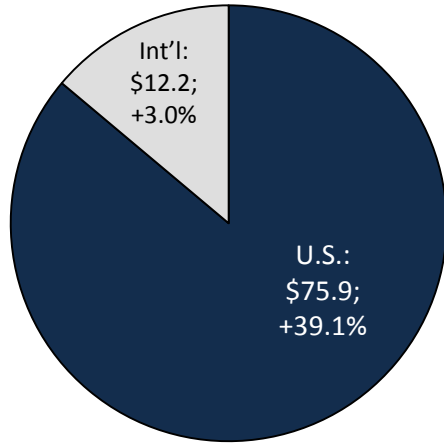
	FY 2014	FY 2015
Revenue	\$554.9M	\$586.9M
Reported	19.8%	5.8%
Organic	5.1%	5.3%

	2016 Guidance
Revenue	-
Reported	3% - 6%
Organic	3% - 6%

Orthopedics & Tissue Technologies Revenue Discussion

Fourth Quarter 2015
\$88.1; +32.6% Reported, 34.3% Constant Currency

\$ in millions
 As reported

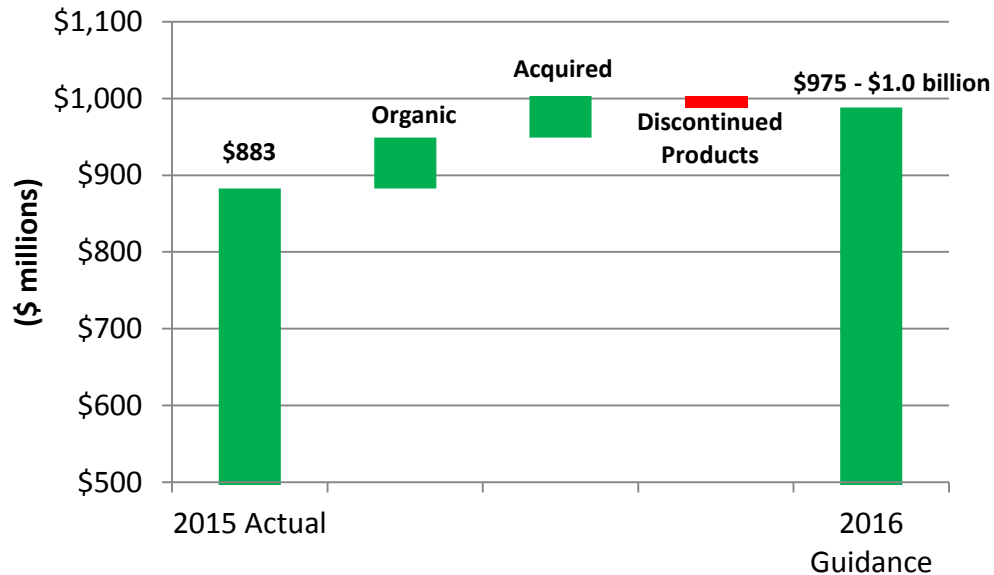


****All Commentary in Constant Currency****

- Regenerative Technologies grew in the mid-teens, excluding TEI, driven by traditional skin products
- Recent acquisitions of TEI and Salto remain on track to plan
- Extremities declined low single digits, excluding acquisitions, with higher shoulder sales offset by declines in legacy products
- International sales increased double digits driven by TEI, partly offset by declines in lower extremity products in Europe

	Q4 2014	Q4 2015	FY 2014	FY 2015	2016 Guidance
Revenue	\$66.4M	\$88.1M	\$241.8M	\$295.8M	-
Reported	-	32.6%	3.6%	22.3%	25% - 30%
Organic	-	7.4%	4.9%	10.1%	10% -15%

Components of 2016 Revenue Guidance



First quarter revenue expected to be in the range of **\$229 million to \$234 million**, up **13% - 16%**

- Organic growth of approximately 5% - 6%

Full Year 2016

- Acquisitions growth: 5% - 6% (includes partial year contributions from TEI, Salto and Tekmed)
- Minimal currency headwind at current rates
- Discontinued products represent a headwind of about (0.5%)

2016 Organic Growth:
~7%

2016 Reported Growth:
10% - 13%

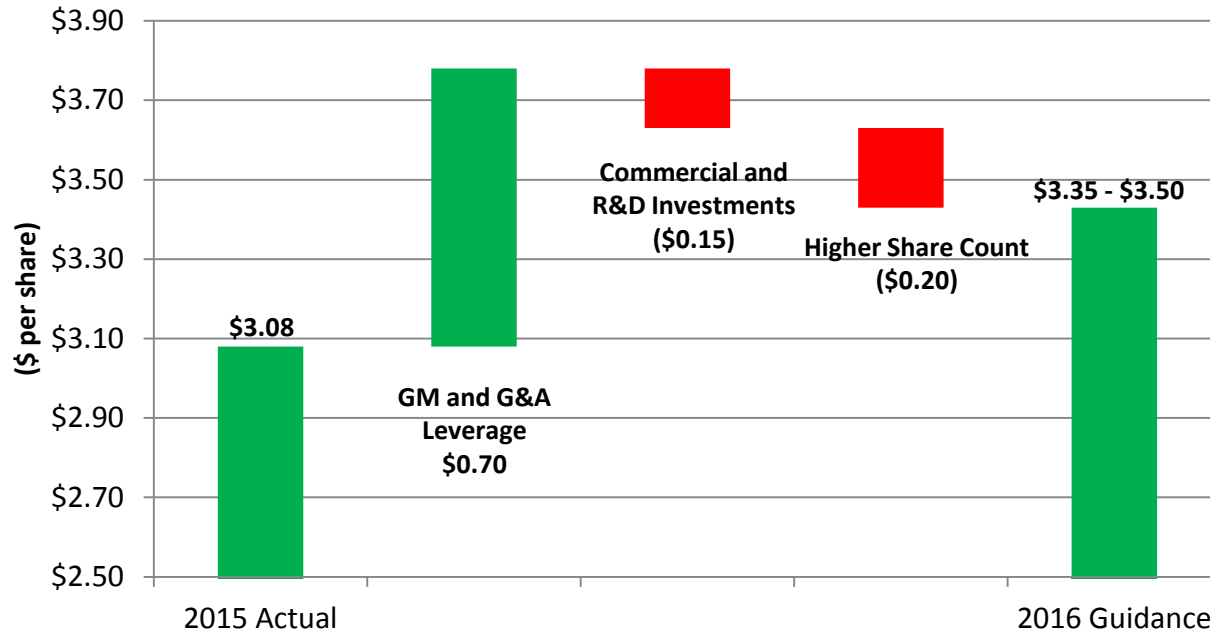
2015 Results and 2016 Guidance

% of revenue	Q4 2014	Q4 2015	Change	FY 2014	FY 2015	Change	2016 Guidance
Gross Margin	61.2%	62.7%	+150BPS	62.0%	63.0%	+100BPS	~64%
Adj. Gross Margin*	65.5%	68.3%	+280BPS	66.1%	67.5%	+140BPS	~69%
R&D	4.6%	5.7%	+110BPS	5.5%	5.8%	+30BPS	5.5% - 6.0%
Adj. R&D*	4.6%	5.5%	+90BPS	5.4%	5.7%	+30BPS	5.5% - 6.0%
SG&A	42.2%	45.5%	+330BPS	47.1%	47.1%	0BPS	44.5% - 45%
Adj. SG&A*	38.7%	42.4%	+370BPS	42.1%	42.7%	+60BPS	42.0% - 42.5%
Net Income	\$ 20.4	\$ 15.0	(26.4%)	\$ 36.3	\$ 6.9	(81.0%)	\$65 - \$70M
Adj. Net Income*	\$ 30.6	\$ 32.8	7.2%	\$ 91.9	\$ 108.6	18.2%	\$126 - \$131M
Adj. EBITDA*	25.2%	23.5%	(170BPS)	21.6%	22.2%	+60BPS	~24%
Tax Rate	12.7%	23.2%	NM	20.3%	88.7%	NM	26% - 27%
Adj. Tax Rate*	31.1%	28.1%	(300BPS)	31.1%	30.4%	(70BPS)	31% - 32%
Earnings per Share [^]	\$ 0.62	\$ 0.39	(37.1%)	\$ 1.10	\$ 0.19	NM	\$1.70 - \$1.85
Adj. Earnings per Share*	\$ 0.92	\$ 0.87	(5.4%)	\$ 2.79	\$ 3.08	10.4%	\$3.35 - \$3.50

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

[^] Includes a one-time, non-cash tax charge of \$37.2M to establish a valuation allowance for certain deferred tax assets associated with the SeaSpine separation

Components of 2016 Earnings Per Share Guidance



First quarter earnings per share expected to be in the range of \$0.70 - \$0.74

Cash Flow and Other Measures: 2015 Results and 2016 Guidance

(\$ millions)	Q4 2014	Q4 2015	Change	FY 2014	FY 2015	Change	2016 Guidance
Oper. Cash Flow [^]	\$ 17.9	\$ 25.4	41.9%	\$ 58.8	\$106.7	81.5%	\$125 - \$140
CapEx	\$ 11.2	\$ 13.1	17.0%	\$ 38.3	\$ 33.4	(12.8%)	\$35 -\$40
Free Cash Flow [*]	\$ 6.7	\$ 12.3	83.6%	\$ 20.5	\$ 73.3	NM	\$90 - \$105
FCF Conversion [*]	21.8%	37.5%	NM	22.3%	67.5%	NM	70% - 80%
Depreciation	\$ 6.4	\$ 7.6	18.8%	\$ 23.7	\$ 27.0	13.9%	~\$33
Amortization	\$ 5.9	\$ 10.7	81.4%	\$ 22.7	\$ 32.2	41.9%	~\$42
Shares Out (Mil)	33.2	38.2	15.1%	33.0	35.7	8.2%	38.0
Adj Shares Out (Mil) [*]	33.2	37.5	13.0%	33.0	35.2	6.7%	37.5

[^]Operating Cash Flow guidance for 2016 excludes approximately \$42M of expected 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.

Current Capital Structure

Current Capitalization	
(\$ in millions)	12/31/2015
Cash and Equivalents	\$ 48.1
Revolver (\$750.0)	\$ 150.0
Term Loan	\$ 346.2
2016 Convertible Senior Notes	\$ 227.1
Total Debt (face value)	\$ 723.3
Net Debt	\$ 675.2

Credit Statistics	
Current Bank Leverage Ratio*	3.0x
Max Leverage Ratio	4.5x
Current Acquisition Capacity	\$ 600

*This ratio is calculated per the Senior Credit Facility agreement

Well-Positioned with Capital Structure

Key Focus Areas for 2016 and Beyond

- 1 Execute on our 2016 Financial Targets
- 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
 - International product registrations
 - Launching 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%

Appendix

Non-GAAP Reconciliations

Fourth Quarter and Full Year 2015 and 2014 Organic Growth Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
Specialty Surgical Solutions	\$153,082	\$152,662	\$586,918	\$554,872
Domestic	111,663	108,309	427,058	399,538
International	41,419	44,353	159,861	155,334
Orthopedics and Tissue Technologies	\$ 88,079	\$ 66,412	\$295,816	\$241,845
Domestic	75,854	54,549	253,767	197,238
International	12,225	11,863	42,049	44,607
Total Revenue	\$241,160	\$219,074	\$882,735	\$796,717
Domestic	187,517	162,858	680,825	596,776
International	53,643	56,216	201,910	199,941
Revenue from discontinued products	\$ (2,199)	\$ (4,938)	\$ (13,338)	\$ (17,793)
Revenue ex-discontinued products	238,961	214,136	869,398	778,924
Impact of changes in currency exchange rates	4,556	-	22,181	-
Revenue from acquisitions*	(21,032)	-	(60,509)	-
Organic Revenue	\$222,485	\$214,136	\$831,069	\$778,924
<i>Organic Revenue Growth</i>	<i>3.9%</i>		<i>6.7%</i>	

* Acquisitions include DuraSeal, MicroFrance & Metasurg (through the acquisition date) in addition to TEI, Salto and Tekmed.

Fourth Quarter and Full Year 2015 & 2014 Adjusted EBITDA Margin Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
GAAP net (loss)/income	\$ 14,980	\$ 20,405	\$ 6,851	\$ 36,295
Depreciation and intangible asset amortization expense	18,268	12,332	59,253	46,397
Other (income) expense, net	(1,604)	695	(4,588)	492
Interest (income) expense, net	6,101	5,504	23,504	21,799
Income tax expense (benefit)	4,531	2,977	53,820	9,271
Manufacturing facility remediation costs	-	511	-	1,416
Global ERP implementation charges	4,484	5,186	16,375	23,063
Structural optimization charges	3,283	4,513	17,171	13,716
Certain employee severance charges	534	865	2,642	9,094
Acquisition-related charges	5,646	1,867	16,773	9,182
Post-spin SeaSpine separation-related charges	445	-	3,801	-
Impairment charges	-	190	-	790
Discontinued product lines charges	-	92	-	692
Total of non-GAAP adjustments:	\$ 41,688	\$ 34,732	\$ 188,751	\$ 135,912
Adjusted EBITDA	\$ 56,668	\$ 55,137	\$195,602	\$172,207
Total Revenues	\$241,160	\$219,074	\$ 882,734	\$ 796,717
Adjusted EBITDA Margin	23.5%	25.2%	22.2%	21.6%

Fourth Quarter and Full Year 2015 and 2014 Adjusted EPS Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
GAAP net (loss) / income	\$14,980	\$20,405	\$ 6,851	\$36,295
Manufacturing facility remediation costs	-	511	-	1,416
Global ERP implementation charges	4,484	5,186	16,375	23,063
Structural optimization charges	3,283	4,513	16,752	13,716
Certain employee severance charges	534	865	2,642	9,094
Acquisition-related charges	4,535	1,867	15,703	9,182
Post-spin SeaSpine separation-related charges	445	-	3,801	-
Impairment charges	-	190	-	790
Discontinued products	-	92	-	692
Intangible asset amortization expense	10,704	5,907	32,235	22,731
Convertible debt non-cash interest	2,043	1,853	7,871	7,140
Estimated income tax impact from adjustments and other items	(8,249)	(10,824)	6,393	(32,222)
Total of non-GAAP adjustments:	\$17,779	\$10,160	\$101,772	\$55,602
Adjusted net income	\$32,759	\$30,565	\$108,623	\$91,897
Adjusted diluted net income per share	\$ 0.87	\$ 0.92	\$ 3.08	\$ 2.79
Weighted average common shares outstanding for diluted net income from continuing operations per share	38,185	33,157	35,677	32,960
Weighted average common shares outstanding adjustment for convertible dilution	(666)	-	(461)	-
Weighted average common shares outstanding for adjusted diluted net income per share	37,519	33,157	35,216	32,960

Full Year 2015 and 2014 (TTM) Free Cash Flow Conversion Reconciliation

(In thousands)	FY 2015	FY 2014
GAAP Net cash provided by operating activities	\$ 106,692	\$ 58,843
Purchases of Property and Equipment	\$ (33,413)	\$ (38,340)
Free Cash Flow	\$ 73,280	\$ 20,504
Adjusted net income	\$ 108,623	\$ 91,897
Adjusted Free Cash Flow Conversion	67.5%	22.3%

Fourth Quarter and Full Year 2015 and 2014 Adjusted Gross Margin Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
Reported Gross Profit	\$ 151,159	\$ 134,050	\$ 556,192	\$ 493,771
Manufacturing facility remediation costs	-	511	-	1,354
Structural optimization charges	1,426	4,125	6,799	11,595
Certain employee severance charges	158	518	654	1,561
Acquisition-related charges	4,761	161	9,968	1,102
Impairment charges	-	190	-	790
Discontinued products	-	92	-	692
Intangible asset amortization expense	7,169	3,936	22,282	15,921
Adjusted Gross Profit	\$ 164,673	\$ 143,583	\$ 595,895	\$ 526,786
Total Revenues	\$ 241,160	\$ 219,074	\$ 882,734	\$ 796,717
Adjusted Gross Margin	68.3%	65.5%	67.5%	66.1%

Fourth Quarter and Full Year 2015 and 2014 Adjusted SG&A Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
Reported SG&A	\$ 109,750	\$ 92,488	\$ 415,757	\$ 375,545
Manufacturing facility remediation costs	-	-	-	62
Global ERP implementation charges	4,484	5,186	16,375	23,063
Structural optimization charges	1,277	388	9,751	2,121
Certain employee severance charges	376	347	1,988	7,533
Acquisition-related charges	885	1,706	6,846	7,580
Post-Spin SeaSpine separation-related charges	445	-	3,801	-
Adjusted SG&A	\$ 102,283	\$ 84,861	\$ 376,996	\$ 335,186
Total Revenues	\$ 241,160	\$ 219,074	\$ 882,734	\$ 796,717
Adjusted SG&A (% of Revenue)	42.4%	38.7%	42.7%	42.1%

Fourth Quarter and Full Year 2015 and 2014 Adjusted R&D Reconciliation

(In thousands)	Q4 2015	Q4 2014	FY 2015	FY 2014
Reported R&D	\$ 13,866	\$ 10,010	\$ 50,895	\$ 43,559
Structural optimization charges	580	-	580	-
Acquisition-related charges	-	-	-	500
Adjusted R&D	\$ 13,286	\$ 10,010	\$ 50,315	\$ 43,059
Total Revenues	\$ 241,160	\$ 219,074	\$ 882,734	\$ 796,717
Adjusted R&D (% of Revenue)	5.5%	4.6%	5.7%	5.4%