



1Q20 Earnings Conference Call

May 7, 2020



Integer Holdings Corporation

First Quarter 2020 Earnings Conference Call

5 p.m. Eastern Time, May 7, 2020

Speakers:



Joe Dziedzic
President and Chief Executive
Officer



Jason Garland
Executive Vice President, Chief
Financial Officer



Tony Borowicz
Senior Vice President, Strategy,
Corporate Development &
Investor Relations

- A webcast of today's call can be accessed in the "Investor Relations" section of the Company's website:
<http://investor.integer.net>
- To participate on the call, please dial:
 - 833-236-5762 (U.S.)
 - 647-689-4190 (International)
 - The conference ID is 4978959
- An online archive of the broadcast will be available at the website three hours after the live call, and will be available through Thursday, May 14, 2020, by dialing
 - 800-585-8367 (U.S.)
 - 416-621-4642 (International)
 - The conference ID is 4978959

Presentation of Financial Information & Forward-Looking Statements

Important Information

This presentation contains summarized information concerning Integer Holdings Corporation (the “Company”) and its business, operations, financial performance and trends. The historical financial and operating data contained herein reflect the consolidated results of the Company for the periods indicated. No representation is made that the information in this presentation is complete. For additional financial and business-related information, as well as information regarding business and product line trends, see the Company’s most recent Annual Report on Form 10-K (“Form 10-K”) and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (the “SEC”), as well other reports filed with the SEC from time-to-time. Such reports are or will be available in the investor relations section of our corporate website (investor.integer.net) and the SEC’s website (www.sec.gov).

Non-GAAP Financial Measures. This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) as well as other financial measures referred to as non-GAAP. The non-GAAP financial measures in this presentation, which include adjusted net income, adjusted diluted earnings per share, earnings before interest taxes depreciation and amortization (“EBITDA”), adjusted EBITDA, adjusted sales, and organic growth rates should be considered in addition to, but not as substitutes for, the information prepared in accordance with GAAP. For reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, please refer to the appendix to this presentation and the earnings release associated with this period which can be found in the investor relations section of our corporate website (investor.integer.net).

Forward Looking Statements. Some of the statements contained in this presentation whether written or oral may be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to the impact of the COVID-19 global pandemic; future sales, expenses, and profitability; future development and expected growth of our business and industry; our ability to execute our business model and our business strategy; having available sufficient cash and borrowing capacity to meet working capital, debt service and capital expenditure requirements for the next twelve months; projected capital spending; and other events, conditions or developments that will or may occur in the future. You can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or variations or the negative of these terms or other comparable terminology. These statements are based on the Company’s current expectations and speak only as of as of the date of this presentation. The Company’s actual results could differ materially from those stated or implied by such forward-looking statements. Except as required by law, the Company assumes no obligation to update forward-looking information, including information in this presentation, to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects or otherwise.

Agenda



- Opening Remarks
- Financial Results
- Product Line Review
- Cash Flow, Liquidity and Cost Management
- Summary
- Q&A

Opening Remarks

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1Q20 Summary



*Essential businesses,
protecting our
associates while
delivering critical
products*

*Strong 1Q results in-
line with expectations,
mostly unaffected by
COVID-19*

Suspending guidance

Leading during COVID-19

- Prioritizing safety of our associates while providing critical products that patients rely on every day
- All manufacturing sites are operating; social distancing & enhanced cleaning implemented; actively engaged with our suppliers
- Closely communicating with customers; supporting increased critical needs - ventilator/patient monitor components

Strong 1Q Financial Results

- Sales up 4%, Adjusted EPS up 25% ... in-line with expectations
- Medical sales up 5%, partially offset by energy sector decline
- Adjusted Operating Income up 10%, offsetting COVID-19 inefficiencies

Suspending full-year guidance due to COVID-19 uncertainty

COVID-19 Update

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COVID-19 Impact and Integer's Response



**Our view of the
Industry impact**

**Potential impact
on Integer**

**How we are
managing**

COVID-19 Impact and Integer's Response



Our view of the Industry impact

- Common belief that 2Q will be the most significantly impacted quarter
- Gradually improving 3Q and approaching “normal” levels late 4Q20/1Q21
- Med-device OEMs are managing volume decline differently

Potential impact on Integer

How we are managing

Published Messages from Med-Device OEMs

Depth of decline and speed of recovery

"We are assuming the most significant **negative impact occurs in the second quarter**, a lingering impact but signs of stabilization in the third quarter and then some recovery in the fourth quarter." – J&J, Q1 2020 Earnings Call Transcript, April 14, 2020

"...expect **Q3 revenue will likely contract** on a year-over-year basis, but improve from Q2 rates of decline... we aim to return to growth in Q4, but there are obviously still many uncertainties." – Boston Scientific, Q1 2020 Earnings Call Transcript, April 29, 2020

"... impact of COVID-19 on sales will be most severe in the second quarter, followed by a **gradual recovery in the third quarter** and a fourth quarter that better resembles ... original expectations." – Edwards Lifesciences, Press Release, April 23, 2020

"Regarding expenses, the company is **expecting significant deleveraging**, or earnings declining significantly more than revenue, in its fiscal fourth quarter." – Medtronic, Press Release, April 21, 2020

"We can see a **recovery into Q3** and into Q4, especially for these more elective procedures ... I don't believe that they're going to come back at the same speed that they came down." – Abbott, Q1 2020 Earnings Call Transcript, April 16, 2020

Management plans

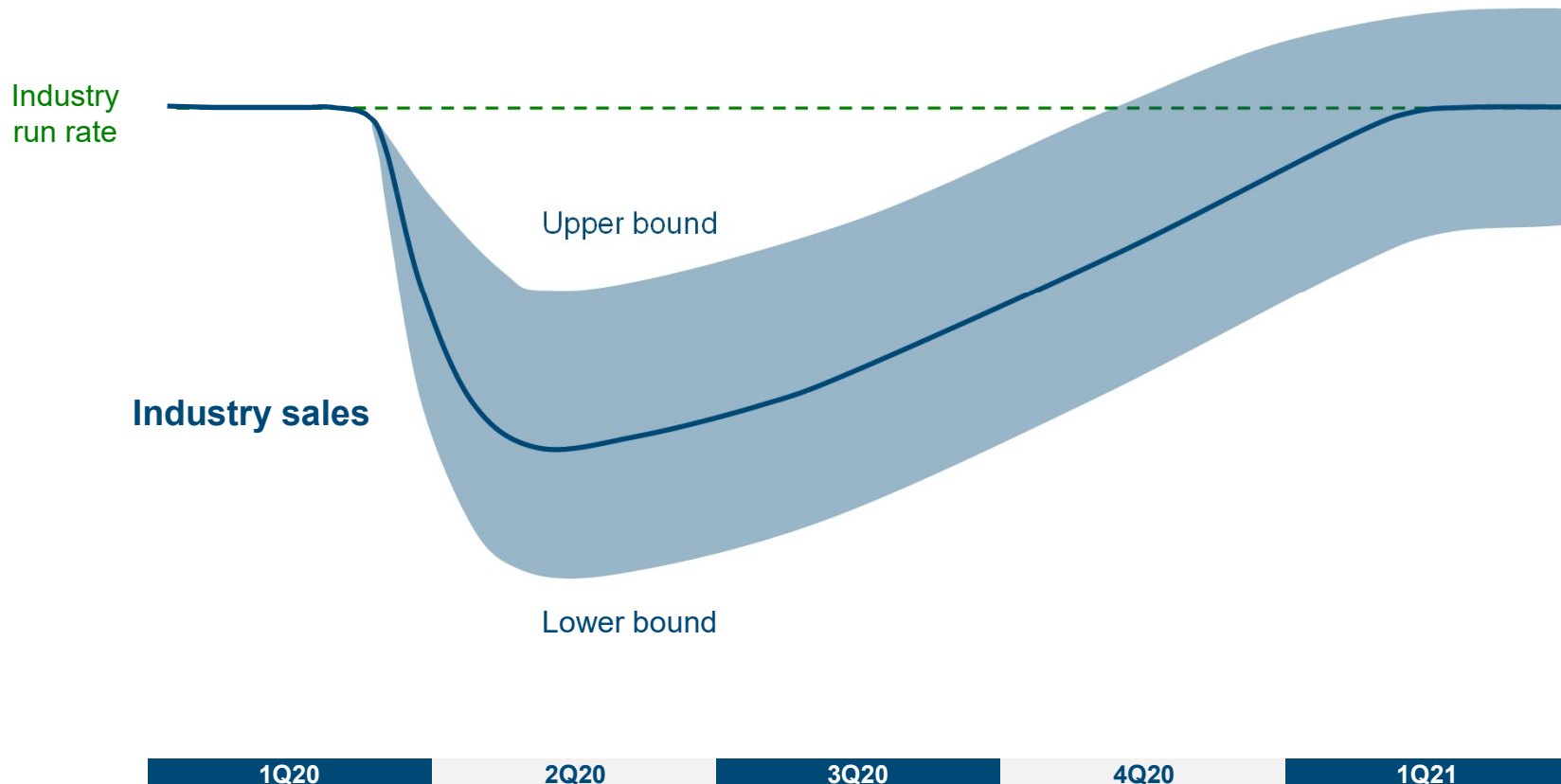
"We've **temporarily closed some manufacturing sites** in an effort to align our build plans to the current demand environment, thus reducing inventory on hand and freeing up working capital." – Boston Scientific, Q1 2020 Earnings Call Transcript, April 29, 2020

"... the company has been **running many of its factories at or near full capacity**, to provide inventory to support the anticipated rebound in procedures during the expected recovery period." – Medtronic, Press Release, April 21, 2020

"... **maintain the strength of its commercial organization** in preparation for what the Company believes could be an active recovery period in the second half of 2020 and early 2021" – Nevro, Press Release, April 1, 2020

Med-device OEMs are managing volume decline differently

Potential COVID-19 Impact on Industry Sales



- ✓ How deep is the decline and how fast is the recovery?
- ✓ Wide range of scenarios

This slide is intended to provide a graphical depiction of the wide range of possible outcomes; not intended to be a precise prediction.

COVID-19 Impact and Integer's Response



Our view of the Industry impact

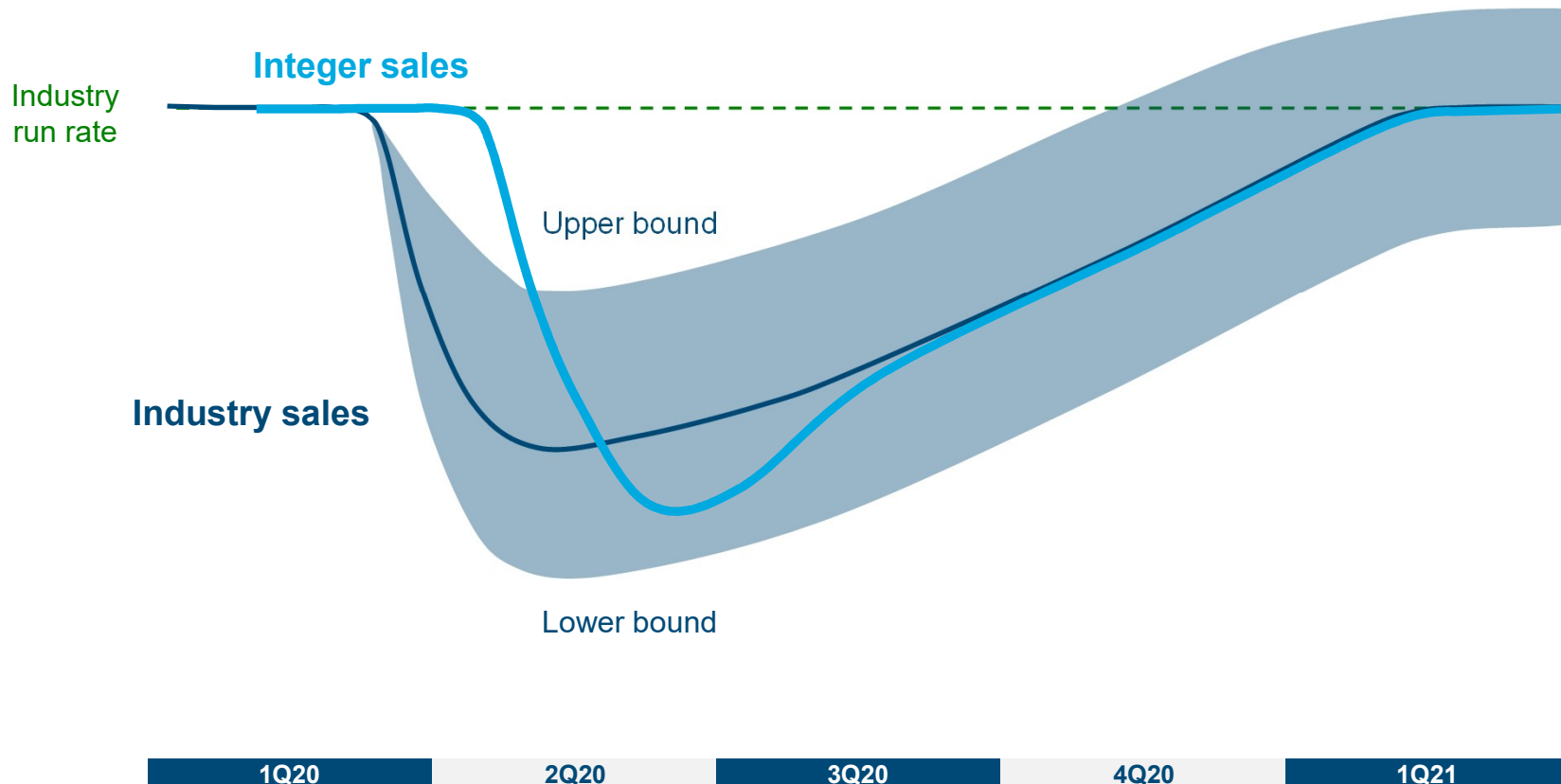
- Common belief that 2Q will be the most significantly impacted quarter
- Gradually improving 3Q and approaching “normal” levels late 4Q20/1Q21
- Med-device OEMs are managing volume decline differently

Potential impact on Integer

- Expect sales decline to reflect the blend of our customers' responses, with a 1 to 2 month delay to med-device procedure volumes
- Most of our sales are tied to more essential, less elective procedures
- Expect temporary contraction of margin rates

How we are managing

Potential COVID-19 Impact on Integer Sales



- ✓ Integer impact delayed by 1 to 2 months
- ✓ Integer recovery influenced by blend of customers' plans & inventory strategies

This slide is intended to provide a graphical depiction of the wide range of possible outcomes; not intended to be a precise prediction.

Majority of Integer's Sales Tied to More Essential Procedures



Elective	Moderately Elective	More Urgent
<p><i>Ortho</i></p> <p><i>SCS/ Neuromodulation</i></p> <p><i>Electrophysiology</i></p> <p><i>Cardiac Monitoring</i></p> <p><i>Surgical Instruments</i></p>	<p><i>Interventional Cardiology</i></p> <p><i>CRT-D/ICD</i></p> <p><i>Structural Heart</i></p> <p><i>Peripheral Arterial</i></p> <p><i>Gastro</i></p> <p><i>Urology</i></p>	<p><i>Pacemakers</i></p> <p><i>Respiratory</i></p> <p><i>Angiography</i></p> <p><i>Neurovascular</i></p> <p><i>Vascular Access</i></p>

~25% of Sales

~75% of Sales

Note: sales split for medical product lines only

COVID-19 Impact and Integer's Response



Our view of the Industry impact

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Potential impact on Integer

- Expect sales decline to reflect the blend of our customers' responses, with a 1 to 2 month delay to med-device procedure volumes
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- Expect temporary contraction of margin rates

How we are managing

- Executing our strategy – focusing on Customers, Cost, Culture
- Strong cash flow with ample liquidity to weather a prolonged pandemic
- Protecting critical investments in capabilities and capacity for growth, while addressing costs related to temporary volume decline

Progress to Date on Our Journey to Excellence

Invest to Grow
Cardio & Vascular
Neuromodulation
Electrochem
Portable Medical
Protect & Preserve
Cardiac Rhythm Management



- ✓ Culture ... senior leadership team complete
- ✓ Manufacturing excellence⁽¹⁾
 - Quality +40%
 - On time delivery +10%
 - Efficiency ... Adj. EBITDA margins +190 bps
- ✓ Customer relationships ... multi-year contracts
- ✓ Deleveraged⁽¹⁾ from 6.1x to 2.8x ... ample liquidity

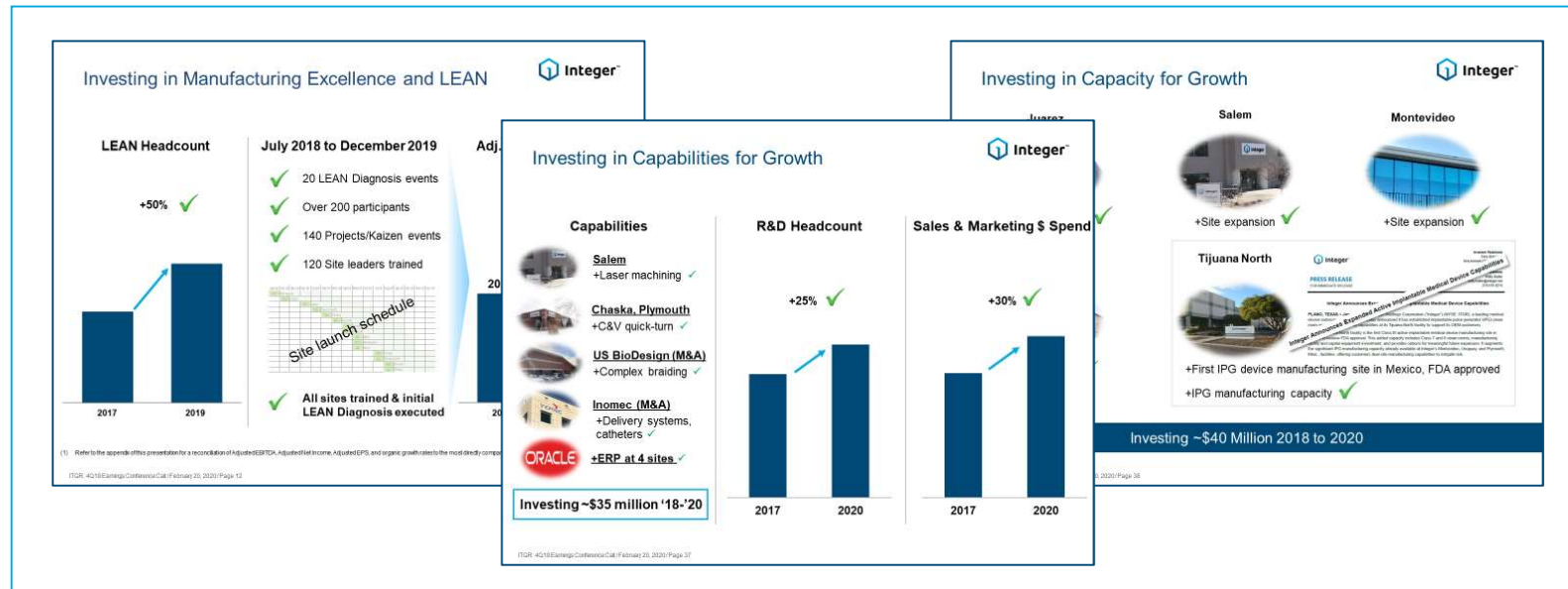
By executing our strategy we are positioned to navigate uncertainty

⁽¹⁾ Values refer to change between total year 2019 and 2017

Investing Throughout the Pandemic



4Q19 Earnings Presentation



- ✓ Continuing virtual Lean events to drive continuous improvement
- ✓ Sales and marketing leadership in place ... adding critical talent
- ✓ Growing R&D ... strong development pipeline
- ✓ Expanding capabilities through M&A and technology licenses

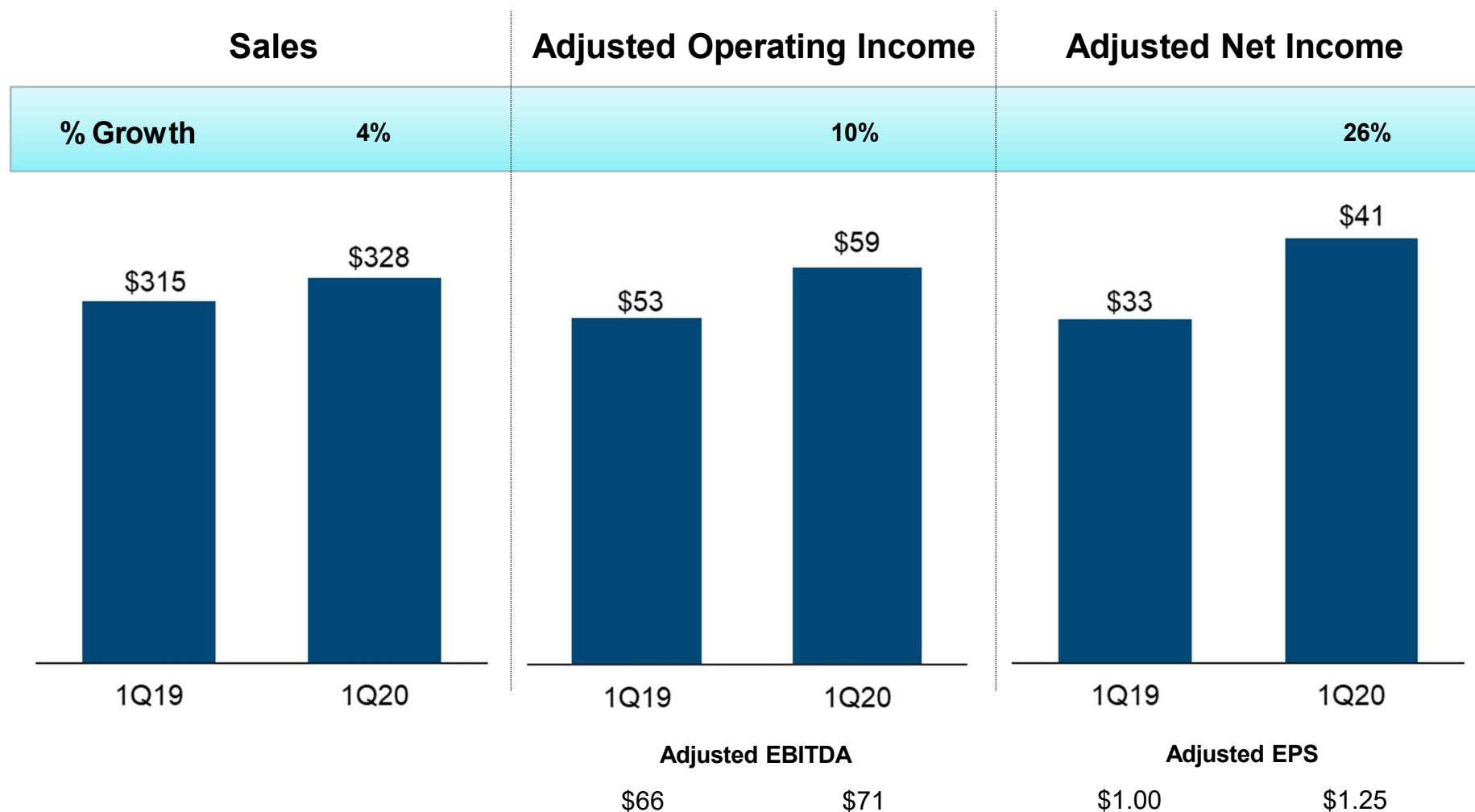
Protecting investments to be stronger post COVID-19

Financial Results

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1Q20 Adjusted Financial Results⁽¹⁾

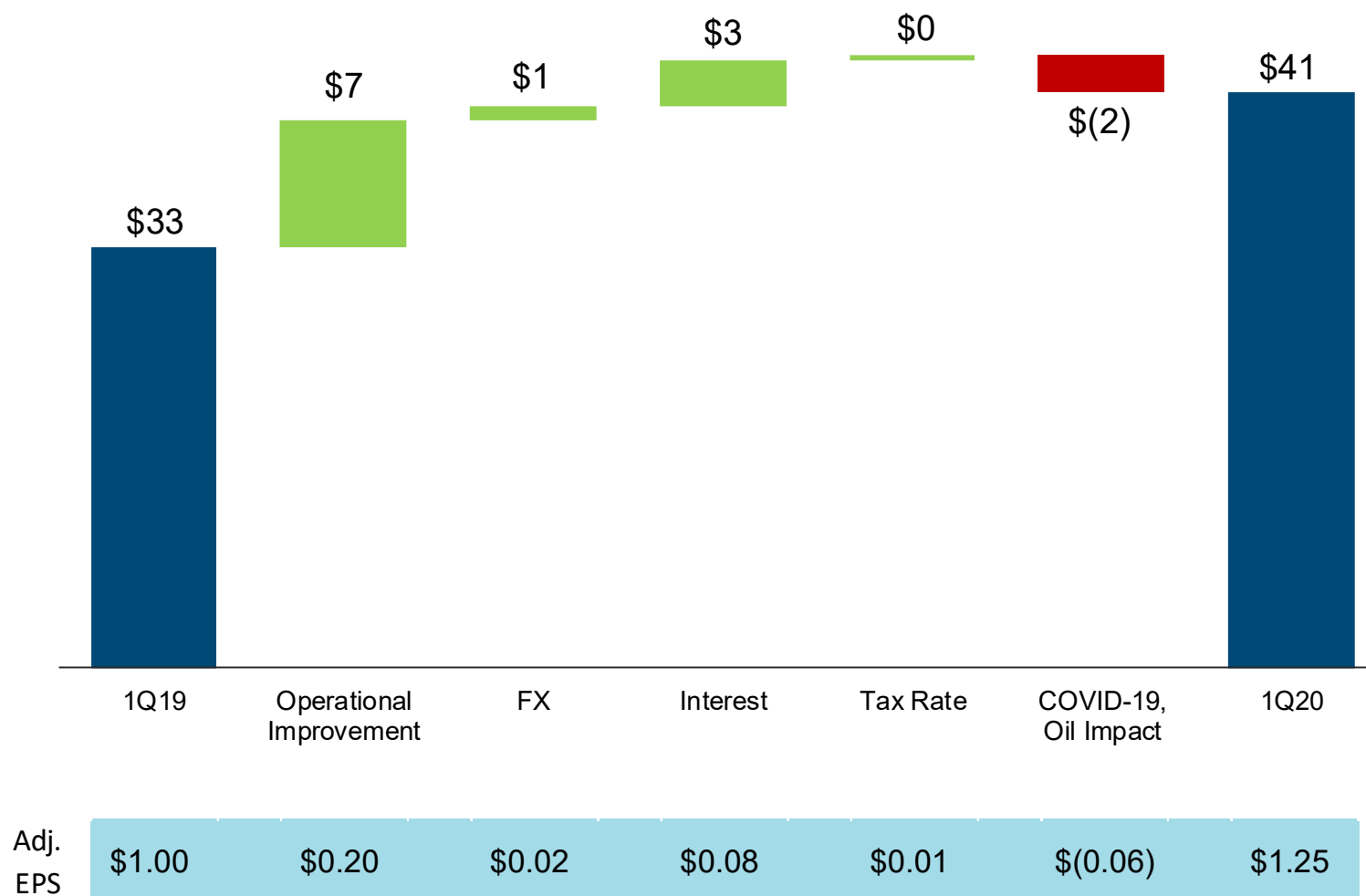
(\$ in millions, except per share amounts)



⁽¹⁾ Refer to the appendix of this presentation for a reconciliation of Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS to the most directly comparable GAAP measure

1Q20 Adjusted Net Income⁽¹⁾

(\$ in millions, except per share amounts)



⁽¹⁾ Refer to the appendix of this presentation for a reconciliation of Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS to the most directly comparable GAAP measure

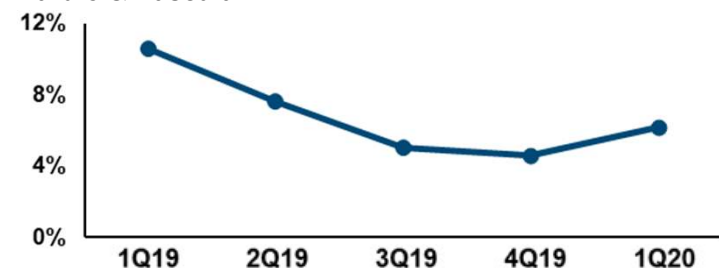
Product Line Review

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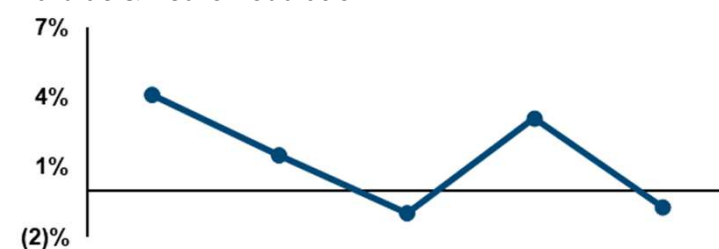
Year-over-Year Sales Growth Continues⁽¹⁾

Trailing 4 Quarters

Cardio & Vascular



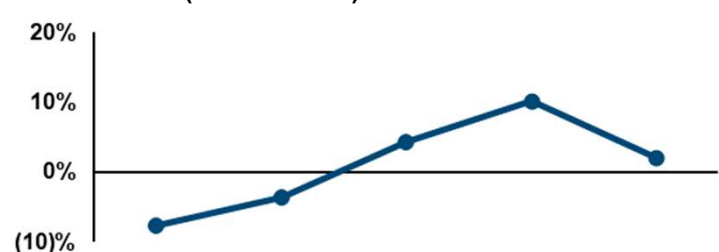
Cardiac & Neuromodulation



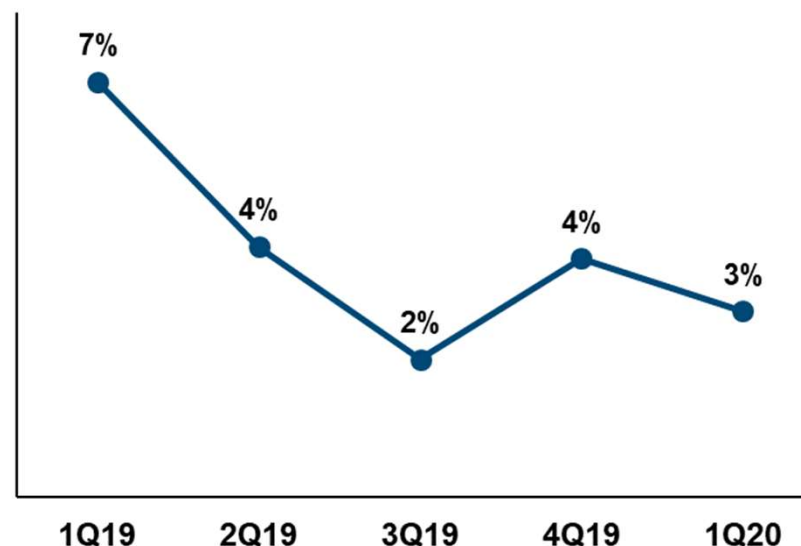
Advanced Surgical, Orthopedic & Portable Medical



Electrochem (Non-Medical)



Integer – Trailing 4 Quarters



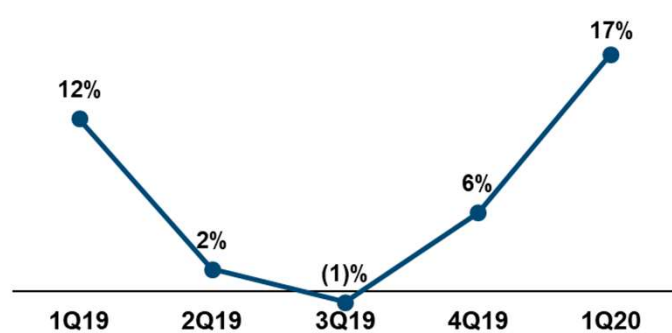
⁽¹⁾Excludes impact from changes in foreign currency exchange rates and acquisition

Cardio & Vascular

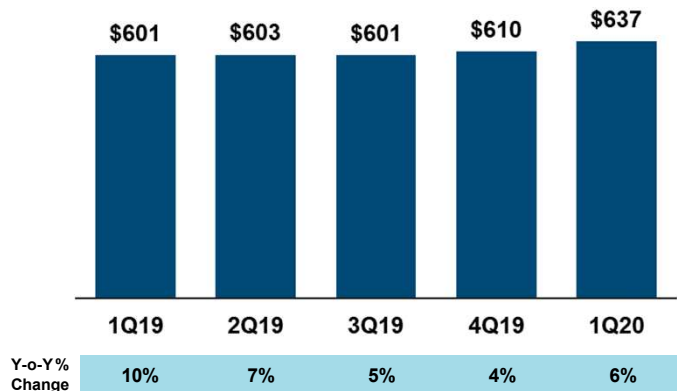


Offering a full-range of products and services for catheter-based interventional vascular devices and a suite of supply chain solutions to support the development and manufacturing of complex components, sub-assemblies and finished devices

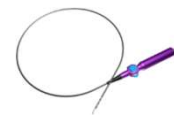
Quarterly Adjusted Sales Change⁽¹⁾



Reported Trailing 4 Quarter Sales
(\$ in millions)



Steerable Sheaths



Catheters & Sheaths



Guidewires, Stylets & Accessories



Introducers

- 1Q20 growth led by a strong increase in peripheral vascular demand from a customer's continued launch of an existing program into a new geography. Strong overall growth across most markets. The quarter also benefited from incremental sales from the start of a new customer contract on existing business. Negligible COVID-19 impact in 1Q20.
- Trailing 4 sales quarter driven by strong growth in peripheral vascular and structural heart, overcoming a headwind from an end of life electrophysiology program

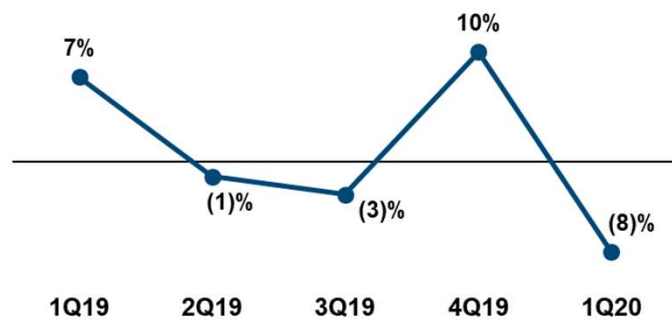
⁽¹⁾ Excludes impact from changes in foreign currency exchange rates/acquisitions

CRM & Neuromodulation



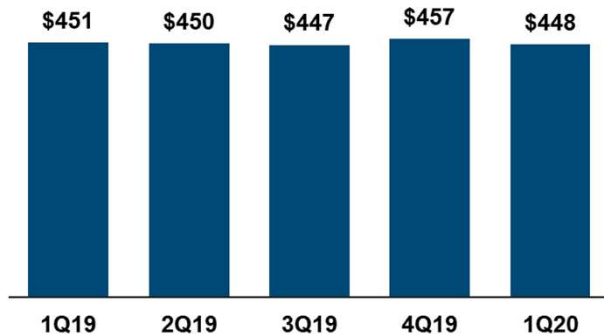
*Providing technology solutions for the active implantable medical device industry
by partnering with customers to bring high-quality products to
established and emerging markets – from initial concept through high-volume manufacturing*

Quarterly Adjusted Sales Change⁽¹⁾



Reported Trailing 4 Quarter Sales

(\$ in millions)



Y-o-Y% Change	4%	2%	(1)%	3%	(1)%
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Pulse Generator
Components &
Assemblies



Leads & Lead Components,
Adaptors & Assemblies



Pulse Generators & External
Solutions (Programmers, Chargers,
Patient Devices)

- 1Q20 driven by Neuromodulation decline from Nuvectra bankruptcy (\$6 million), and headwind from 2019 supply agreement commitments. Strong CRM growth from product launches and increased battery demand, offset partially by prior year impact of signing of a customer contract on existing business. Negligible COVID-19 impact in 1Q20.
- Trailing 4 quarter sales decrease driven by Nuvectra bankruptcy (\$12 million) and 2019 supply agreement headwinds, partially offset by strong demand in CRM batteries and capacitors.

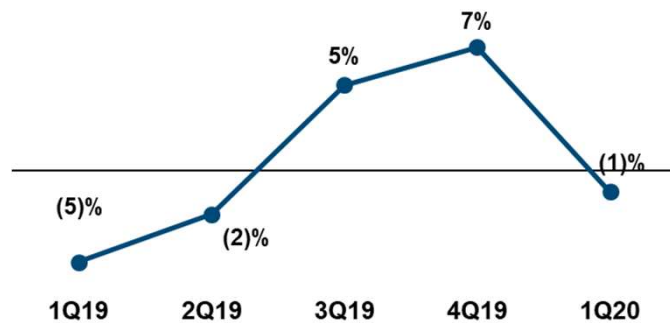
⁽¹⁾ Excludes impact from changes in foreign currency exchange rates

Advanced Surgical, Orthopedics & Portable Medical



Offering a broad portfolio of power solutions and technologies to Portable Medical markets and supporting the divested AS&O product line

Quarterly Adjusted Sales Change⁽¹⁾



Reported Trailing 4 Quarter Sales

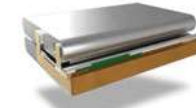
(\$ in millions)



Orthopedic Implants & Instruments



Electrosurgical Accessories



Li-Ion Battery Packs



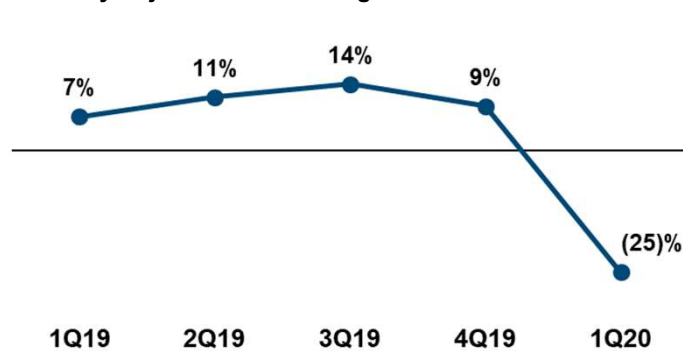
Core Battery Pack Assemblies

- 1Q20 sales decline driven by decrease in Portable Medical battery demand offset by increased end-market demand for Advanced Surgical and Orthopedic base products. Negligible COVID-19 impact in 1Q20.
- Trailing 4 quarter sales trend reflects strong growth in Advanced surgical and orthopedics. Portable medical flat across trailing 4 quarters.

⁽¹⁾ Excludes impact from changes in foreign currency exchange rates

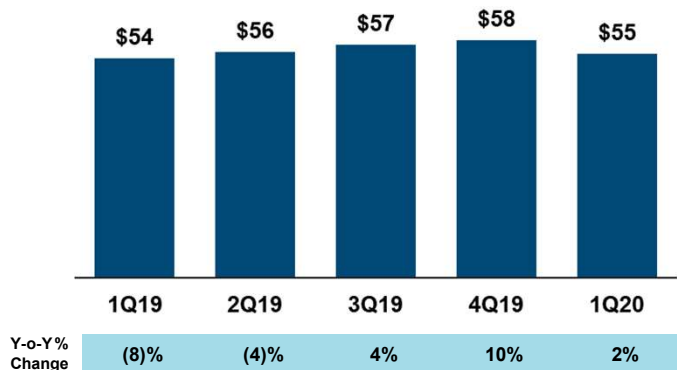
Enhancing lives worldwide by providing superior power solutions that enable the success and advancement of our customers' critical applications

Quarterly Adjusted Sales Change⁽¹⁾



Reported Trailing 4 Quarter Sales

(\$ in millions)



⁽¹⁾ Excludes impact from changes in foreign currency exchange rates



Battery Cells



Battery Packs



Battery Chargers

- 1Q20 declined by approximately \$3 million, driven by a severe decline in the energy market due to both oversupply and demand fall-out from COVID-19 pandemic.
- Trailing 4 quarter sales declined to low single digits driven by decline in energy market partially offset by demand in environmental and military markets.
- Manufacturing furlough and reductions in force were implemented due to an expected prolonged downturn.

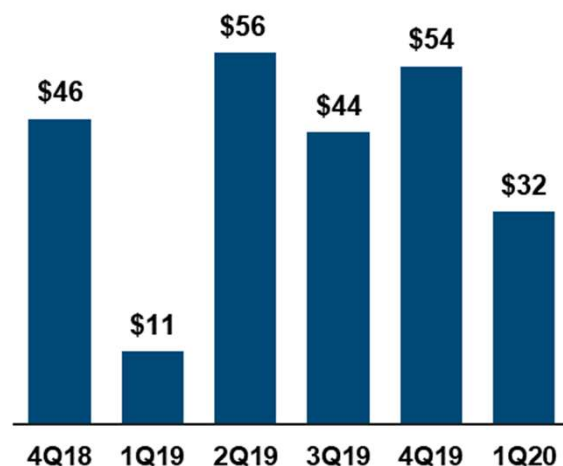
Cash Flow, Liquidity and Cost Management

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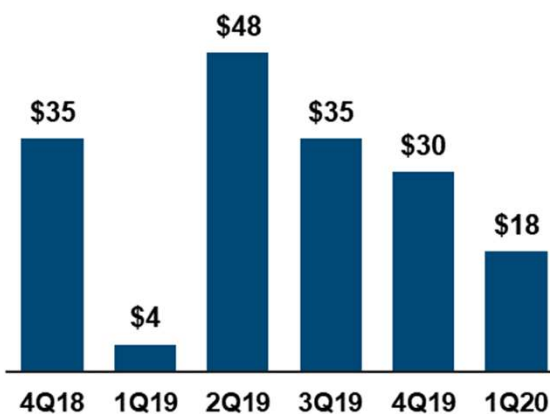
Cash Flow & Leverage

(\$ in millions)

Cash Flow From Ops

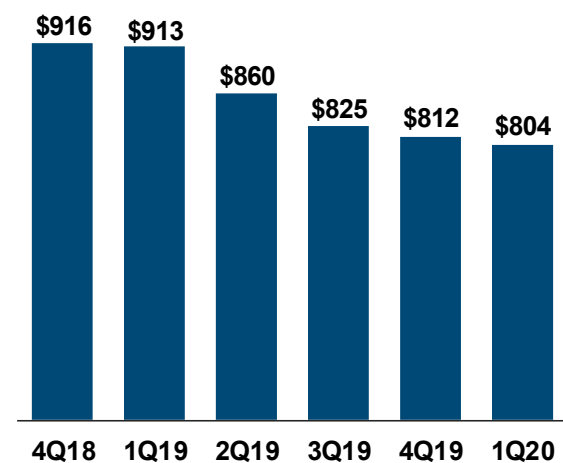


Free Cash Flow ⁽¹⁾

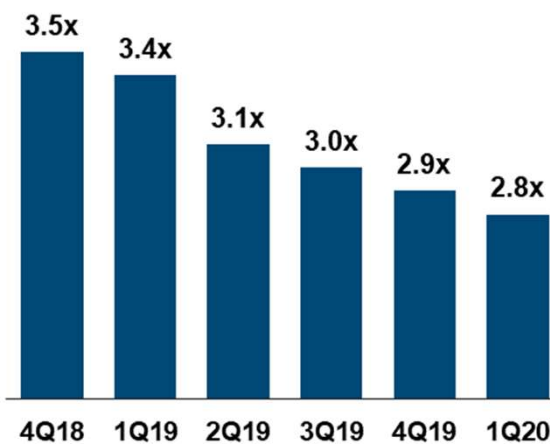


Net Total Debt

Change vs Prior Quarter:



Leverage ⁽²⁾



1Q20 Highlights

- 1Q includes \$16 million from new supplier financing at interest rates below Integer borrowing cost
- 1Q is consistent with quarterly profile due to annual cash payments at beginning of year, excluding supplier financing
- Capex in line with the increased investment run-rate
- Reduced leverage ratio to 2.8 times adjusted EBITDA

⁽¹⁾ Free Cash Flow defined as Cash Flow from Operations less Capital Expenditures (acquisition of property, plant, and equipment (PP&E), net of proceeds from sale of PP&E)

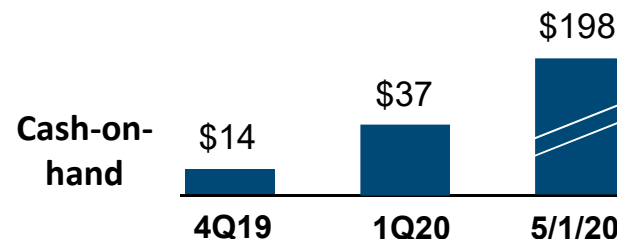
⁽²⁾ Leverage calculated as total principal amount of debt outstanding less Cash and Cash Equivalents divided by trailing 4 quarter Adjusted EBITDA

Strong Financial Position to Weather the Pandemic

(\$ in millions)

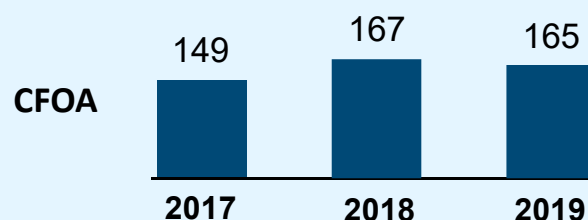


1 Ample liquidity



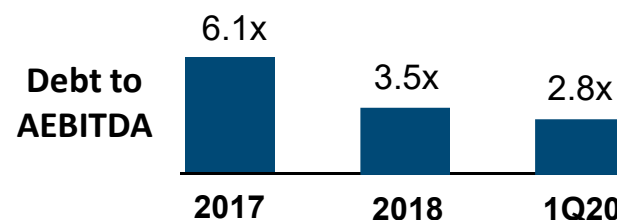
- In early 2Q, executed a draw down of our full revolver to protect against a prolonged pandemic (\$185 million total drawn)

2 Strong cash generation



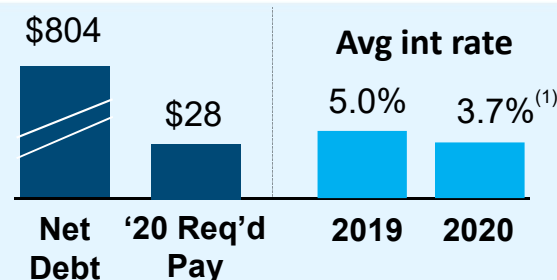
- Sustainable and strong Cash Flow From Operating Activities (CFOA)
- Financially strong customer base

3 Improved leverage and covenant cushion



- \$124 million adj. EBITDA bank covenant cushion

4 Small fixed-debt payment, reducing interest expense



- October 2022 maturity for total debt
- \$190 million adj. EBITDA cushion on interest coverage covenant

⁽¹⁾Based on LIBOR rates published on 4/30/20 and contractual fixed rates applied to Integer's total debt

Balanced Cost Management Response to Temporary COVID-19 Sales Reduction



P&L Costs	Alignment to Sales Reduction	Management Approach
Material	Mostly	✓ Reduce purchases to align to production & product mix
Direct Labor	Mostly	✓ Align labor with demand (furloughs, temp shutdowns); considering unemployment benefits
Indirect Labor	Moderate	✓ Align with demand for direct factory support; maintain support for facilities, maintenance, etc.
Plant Overhead	Limited	✓ No change in fixed costs (depreciation, etc.)
SG&A	Limited	✓ Strategic talent adds continue; slowing/stopping non critical adds; reduce discretionary spend
RD&E	Limited	✓ Continued engineering additions in line with development programs growth; strategic talent adds continue

Expect temporary contraction of margin rates

Wrap Up

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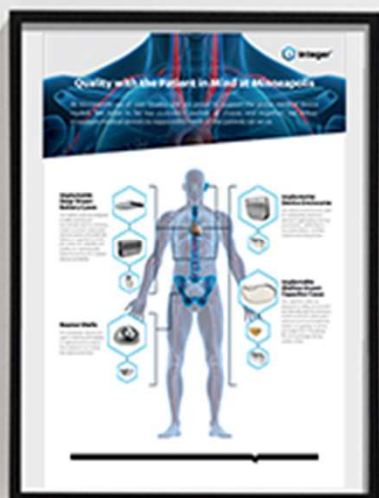
How We Continue to Lead Integer



- ✓ **Take care of Associates, who take care of Customers**
- ✓ **Manage uncertainty ... COVID-19**
 - Balanced cost management during temporary sales decline
 - Expect temporary contraction of margin rates
- ✓ **Maintain focus on executing our strategy**
 - Executing our strategy, stronger post COVID-19
 - Ample liquidity ... investing through pandemic
- ✓ **Deliver on financial commitments ... 1Q 2020**

We are an integral supplier to Med Device industry with a resilient business model

Questions?



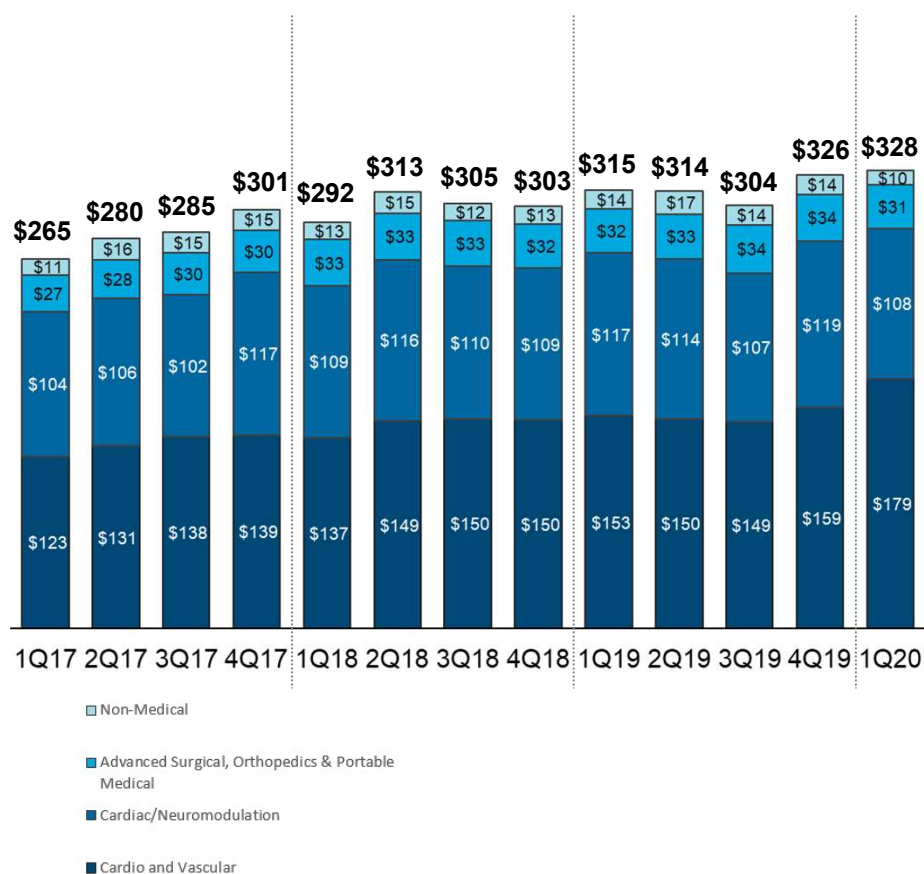
APPENDIX

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Historical Financial Results⁽¹⁾

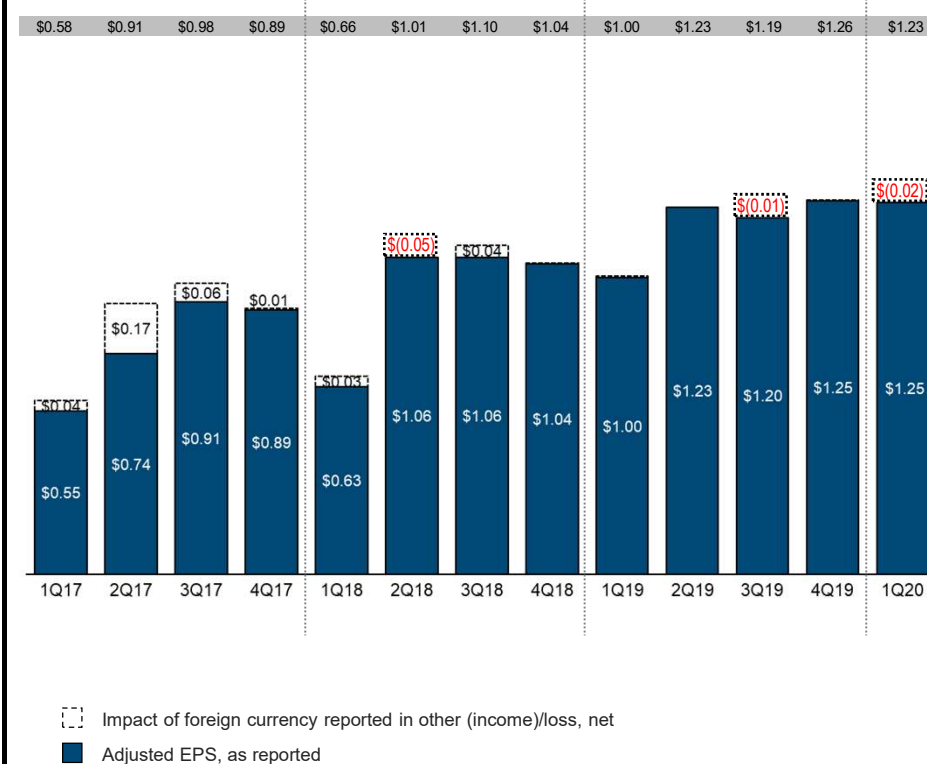
(\$ in millions, except per share amounts)

Adjusted Sales



Adjusted EPS⁽²⁾

Organic
Adjusted
EPS⁽³⁾



(1) Refer to the appendix of this presentation for a reconciliation of Adjusted Sales and Adjusted EPS to the most directly comparable GAAP measure

(2) The quarterly and annual EPS numbers are calculated independently and may not sum to the total

(3) Excludes impact of foreign currency reported in other (income)/loss, net

Non-GAAP Reconciliation

Income from Continuing Operations and Diluted EPS Reconciliation – QTD

(\$ in thousands, except per share amounts)

	Three Months Ended					
	April 3, 2020			March 29, 2019		
	Pre-Tax	Net of Tax	Per Diluted Share	Pre-Tax	Net of Tax	Per Diluted Share
Income from continuing operations (GAAP)	\$ 36,639	\$ 31,100	\$ 0.94	\$ 25,132	\$ 21,366	\$ 0.65
Adjustments ^(a) :						
Amortization of intangibles	10,444	8,254	0.25	9,854	7,796	0.24
Certain legal expenses (SG&A)	602	475	0.01	1,396	1,103	0.03
Other operating expenses (OOE) ^(b)	2,928	2,301	0.07	2,890	2,217	0.07
(Gain) loss on equity investments, net	(1,925)	(1,521)	(0.05)	41	32	—
Loss on extinguishment of debt	—	—	—	412	326	0.01
Customer bankruptcy ^(c)	854	675	0.02	—	—	—
Adjusted income from continuing operations (Non-GAAP)	<u>\$ 49,542</u>	<u>\$ 41,284</u>	<u>\$ 1.25</u>	<u>\$ 39,725</u>	<u>\$ 32,840</u>	<u>\$ 1.00</u>
Diluted weighted average shares for adjusted EPS	33,117			32,980		

- (a) The difference between pre-tax and net of tax amounts is the estimated tax impact related to the respective adjustment. Net of tax amounts are computed using a 21% U.S. tax rate, and the statutory tax rates applicable in foreign tax jurisdictions, as adjusted for the existence of net operating losses ("NOLs"). Expenses that are not deductible for tax purposes (i.e. permanent tax differences) are added back at 100%.
- (b) Other operating expenses includes acquisition and integration related expenses, facility consolidation, optimization, manufacturing transfer and system integration charges, asset write-down and disposition charges, charges in connection with corporate realignments or a reduction in force, unusual or infrequently occurring items.
- (c) In November 2019, one of our customers, Nuvector Corporation, filed a voluntary Chapter 11 bankruptcy petition (the "Customer Bankruptcy"). During the first quarter of 2020, we incurred costs and recorded charges associated with the Customer Bankruptcy, primarily consisting of an \$0.8 million charge related to inventory recorded in cost of sales in our condensed consolidated statement of operations.

Non-GAAP Reconciliation

1Q20 Income from Continuing Operations and Diluted EPS Reconciliation – Detailed View

(\$ in thousands, except per share amounts)

	2020						2019		
	GAAP	Adjustments					Non-GAAP	Non-GAAP	
	Continuing Operations	Amortization of intangibles	Certain legal expenses	Other operating expenses	Equity Investment Adjustments	Customer Bankruptcy	Adjusted Continuing Operations	Adjusted Continuing Operations	CHANGE
Sales	\$ 328,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,426	\$ 314,676	4.4%
Cost of sales	231,724	(3,269)	-	-	-	(822)	227,633	222,804	2.2%
Gross profit	96,702	3,269	-	-	-	822	100,793	91,872	9.7%
Gross margin	29.4%	1.0%	0.0%	0.0%	0.0%	0.3%	30.7%	29.2%	1.5 pts
Operating expenses:									
Selling, general and administrative	36,457	(7,175)	(602)	-	-	(32)	28,648	26,968	6.2%
SG&A as a % of sales	11.1%	-2.2%	-0.2%	0.0%	0.0%	0.0%	8.7%	8.6%	0.1 pts
Research, development and engineering	13,241	-	-	-	-	-	13,241	11,595	14.2%
RD&E as a % of sales	4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%	3.7%	0.3 pts
Other operating expenses	2,928	-	-	(2,928)	-	-	-	-	0.0%
Total operating expenses	52,626	(7,175)	(602)	(2,928)	-	(32)	41,889	38,563	8.6%
Operating income	44,076	10,444	602	2,928	-	854	58,904	53,309	10.5%
Operating margin	13.4%	3.2%	0.2%	0.9%	0.0%	0.3%	17.9%	16.9%	1.0 pts
Interest expense	10,361	-	-	-	-	-	10,361	13,418	-22.8%
Gain on equity investments	(1,925)	-	-	-	1,925	-	-	-	0.0%
Other (income) loss, net	(999)	-	-	-	-	-	(999)	166	-701.8%
Income before taxes	36,639	10,444	602	2,928	(1,925)	854	49,542	39,725	24.7%
Provision for income taxes	5,539	2,190	127	627	(404)	179	8,258	6,885	19.9%
Effective tax rate	15.1%	21.0%	21.1%	21.4%	n/a	21.0%	16.7%	17.3%	-0.6 pts
Net income	\$ 31,100	\$ 8,254	\$ 475	\$ 2,301	\$ (1,521)	\$ 675	\$ 41,284	\$ 32,840	25.7%
Diluted earnings per share	\$ 0.94	\$ 0.25	\$ 0.01	\$ 0.07	\$ (0.05)	\$ 0.02	\$ 1.25	\$ 1.00	25.0%
Weighted average shares - Diluted	33,117	33,117	33,117	33,117	33,117	33,117	33,117	32,980	0.4%

Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA Reconciliation

(\$ in thousands)

	Three Months Ended	
	April 3, 2020	March 29, 2019
Income from continuing operations (GAAP)	\$ 31,100	\$ 21,366
Interest expense	10,361	13,830
Provision for income taxes	5,539	3,766
Depreciation	9,050	9,804
Amortization of intangibles (excluding OOE)	10,444	9,854
EBITDA from continuing operations (Non-GAAP)	66,494	58,620
Stock-based compensation (excluding OOE)	1,738	2,713
Certain legal expenses	602	1,396
Other operating expenses (OOE)	2,928	2,890
(Gain) loss on equity investments, net	(1,925)	41
Customer bankruptcy	854	—
Adjusted EBITDA from continuing operations (Non-GAAP)	\$ 70,691	\$ 65,660
Total Sales	\$ 328,426	\$ 314,676
Adjusted EBITDA margin	21.5%	20.9%

Non-GAAP Reconciliation

Organic Growth Rates Reconciliation (% Change)

	GAAP Reported Growth ^(a)	Impact of Non-GAAP Adjustments ^(b)	Impact of Acquisitions and Foreign Currency ^(c)	Non-GAAP Organic Growth
QTD Change (1Q 2020 vs. 1Q 2019)				
EBITDA from continuing operations	13.4%	(5.7)%	(2.2)%	5.5%
Income from continuing operations	45.6%	(19.9)%	(2.4)%	23.3%
Diluted EPS from continuing operations	44.6%	(19.6)%	(2.0)%	23.0%

^(a) EBITDA from continuing operations is a non-GAAP financial measure. See Table B for a reconciliation to the most comparable GAAP measure.

^(b) Represents the impact to our growth rate from our Non-GAAP adjustments. See Tables A and B for further detail on these items.

^(c) Represents the impact to our growth rate due to changes in foreign currency exchange rates realized in income and reported in other (income) loss, net in the consolidated statements of operations, and the adjustment to exclude the contribution of acquisitions.

Capitalization

(\$ in millions)



	04/03/20 As Reported	Original Rate	04/03/20 Rate
Cash & Cash Equivalents	\$ 37		
\$200M Revolver [Due 2022]	\$ 25	L + 325	L + 200
TLA [Due 2022]	\$ 258	L + 325	L + 200
TLB [Due 2022]	\$ 558	L + 425	L + 250
Total Principal Amount of Debt Outstanding	\$ 841⁽¹⁾		
Deferred Fees and OID	\$ (10)		
Total Debt (Principal Amount of Debt Outstanding Less Deferred Fees and Discounts)	\$ 831		
Net Total Debt (Principal Amount of Debt Outstanding Less Cash)	\$ 804		
<u>Continuing Operations Statistics</u>			
Trailing 4 Quarter Adjusted EBITDA	\$ 289		
Trailing 4 Quarter Cash Interest Expense	\$ 42		
Trailing 4 Quarter Capital Expenditures	\$ 56		
<u>Credit Statistics</u>			
Net Total Debt / Trailing 4 Quarter Adjusted EBITDA	2.8x ⁽²⁾		
Trailing 4 Quarter Adjusted EBITDA / Cash Interest Expense	6.9x		

⁽¹⁾ Principal amount of debt outstanding, not reduced for unamortized discount and debt issuance costs

⁽²⁾ Leverage calculated as total principal amount of debt outstanding less Cash and Cash Equivalents divided by trailing 4 quarter Adjusted EBITDA

Contact Information

Tony Borowicz

SVP, Strategy, Business Development & Investor Relations

Integer

Tony.Borowicz@Integer.net

(O) 716.759.5809

www.integer.net