



Integer[®]

2Q20 Earnings Conference Call

July 30, 2020



Integer[®]

Integer Holdings Corporation

Second Quarter 2020 Earnings Conference Call

9 a.m. Eastern Time, July 30, 2020



Speakers:



Joe Dzedzic
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:
 - 833-714-0898 (U.S.)
 - 778-560-2691 (International)
 - The conference ID is 1449653
- An online archive of the broadcast will be available at the website three hours after the live call, and will be available through Thursday, August 6, 2020, by dialing
 - 800-585-8367 (U.S.)
 - 416-621-4642 (International)
 - The conference ID is 1449653



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
- COVID-19 Update
- Financial Results
- Product Line Review
- Cash Flow, Liquidity and Cost Management
- Wrap Up
- Q&A

Opening Remarks

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*Essential business,
associate safety
measures in place to
deliver critical products*

*2Q results reflect
industry impact from
COVID-19*

Outlook

Leading during COVID-19

- Operating in a new normal ... associate safety measures in place
- Increased agility to respond to changing customer demand
- Positioned to continue investing in strategy throughout pandemic

2Q Financial Results

- Sales down 24% ... better than estimated industry, as expected
- Adjusted Operating Income down 65%, Adjusted EPS down 74%
 - Margin rate contraction from sales decline, as expected ... adjusting volume related costs
- Solid Cash Flow ... \$33 million reduction in net total debt

Second half Outlook

- Expect 3Q to be similar to 2Q, except Cash Flow
- Expect 4Q between 2Q/3Q and pre-COVID-19 levels
- Improving backlog trend supports outlook, but uncertainty remains

COVID-19 Update

The background features a large black triangle on the left side, pointing towards the bottom right. To its right is a vertical cyan triangle. The rightmost portion of the image is a solid dark blue area. At the bottom, a light blue triangle points upwards from the left edge towards the center.

COVID-19 Impact and Integer's Response



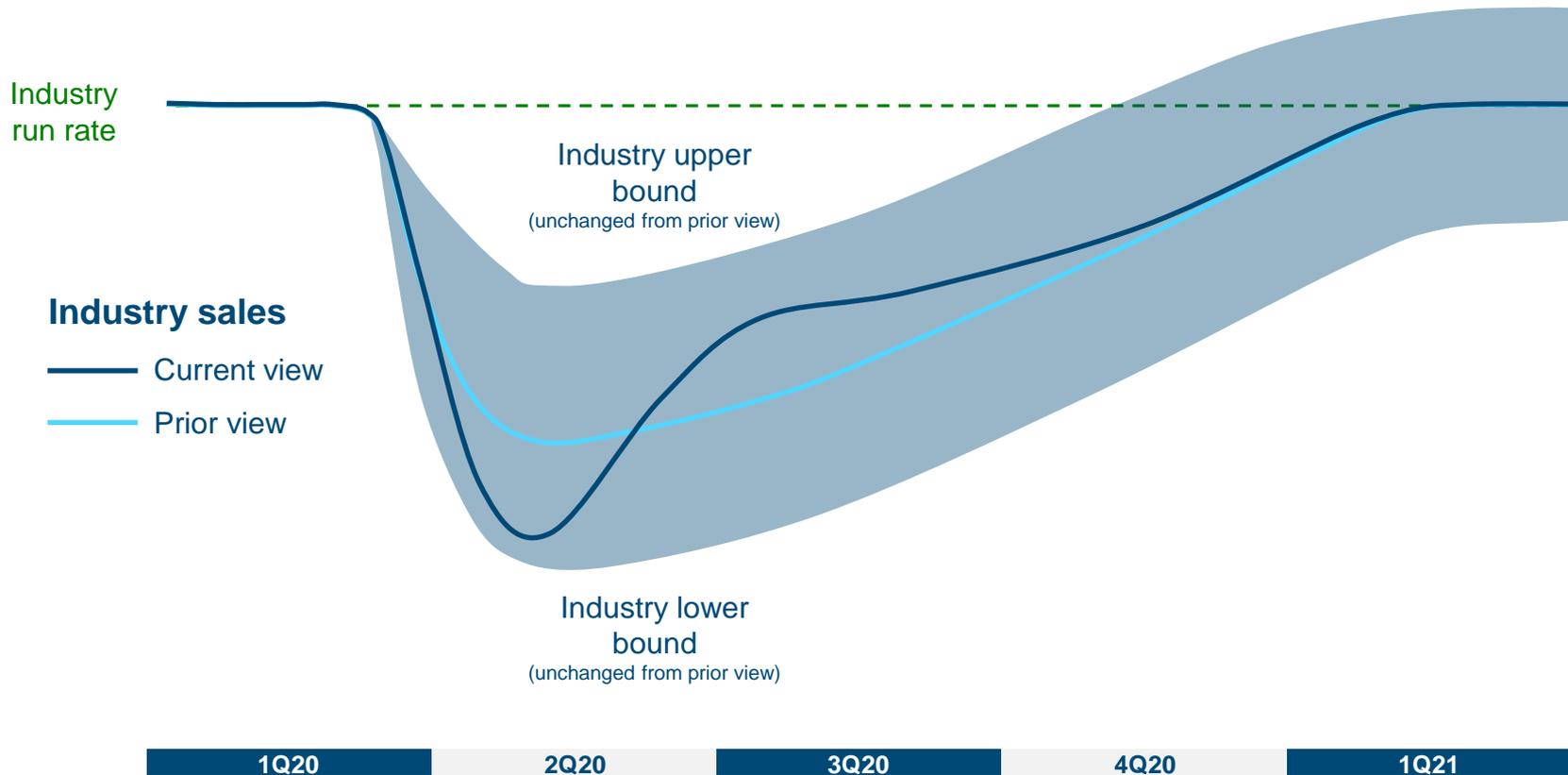
Our view of the Industry impact

- 2Q industry decline estimated at 30% to 40% vs. last year in aggregate
- Estimated industry procedure volumes exiting 2Q at 80-90% pre-COVID
- Expect industry decline of 10% to 20% in 3Q and 5% to 15% in 4Q vs. last year ... recent virus surge in selected geographies increases uncertainty

Potential impact on Integer

How we are managing

Potential COVID-19 Impact on Industry Sales



✓ **Industry sales current view vs. prior view:**

- Steeper decline & recovery during 2Q, flattening improvement in 3Q (virus surge); 4Q & 1Q21 no change
- 2Q decline estimated at 30% to 40%, expect decline of 10% to 20% in 3Q and 5% to 15% in 4Q

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

COVID-19 Impact and Integer's Response



Our view of the Industry impact

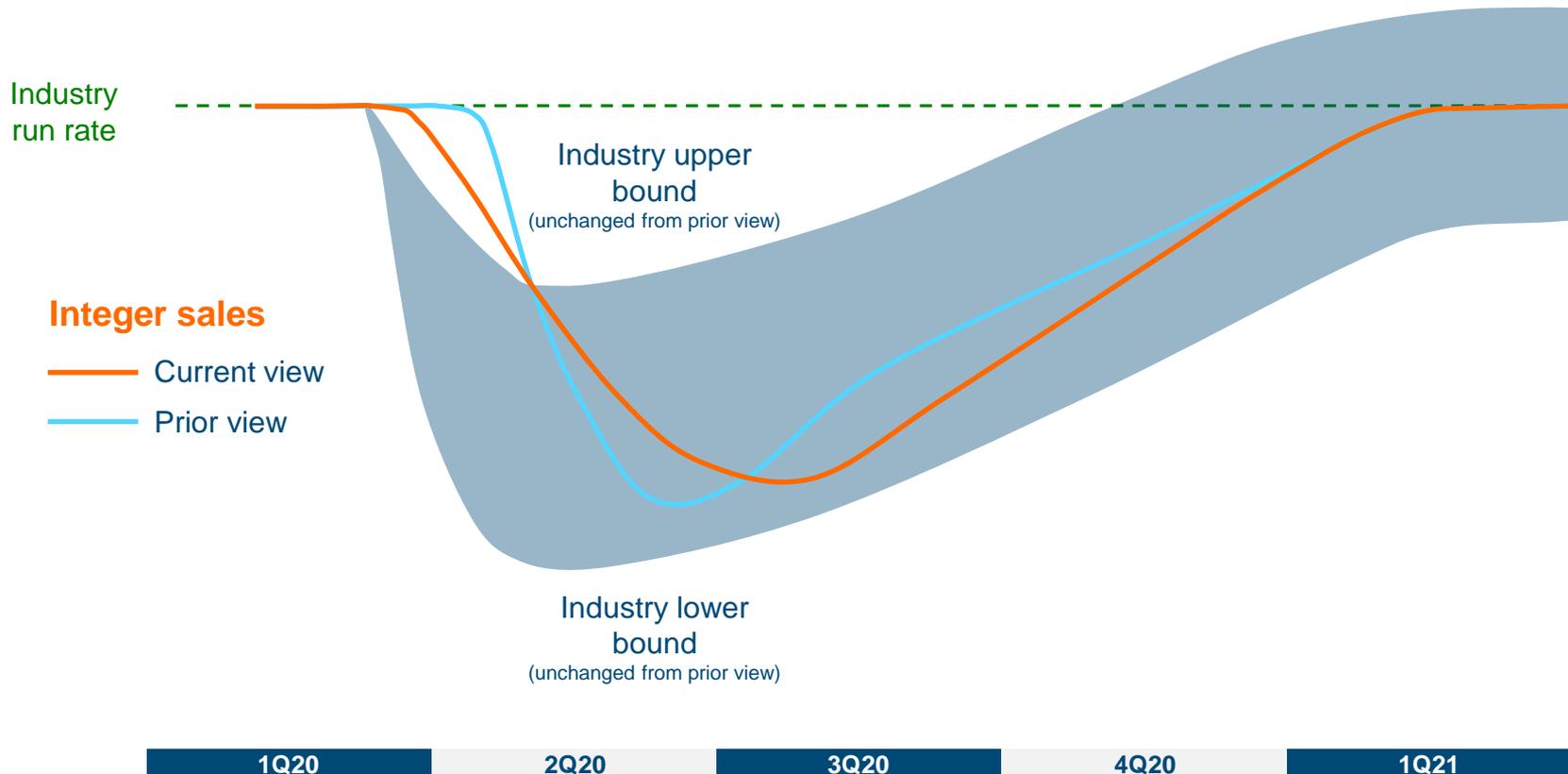
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- Expect industry decline of 10% to 20% in 3Q and 5% to 15% in 4Q vs. last year ... recent virus surge in selected geographies increases uncertainty

Potential impact on Integer

- 2Q Integer 24% sales decline is approximately 10 percentage points better than industry, as our decline is a blend of our customers' responses
- Integer's estimated 2Q favorability versus the industry is expected to reverse in the second half ... expect convergence with industry in 1Q 2021
- Expect 2Q margin rate contraction to recover as our volume recovers

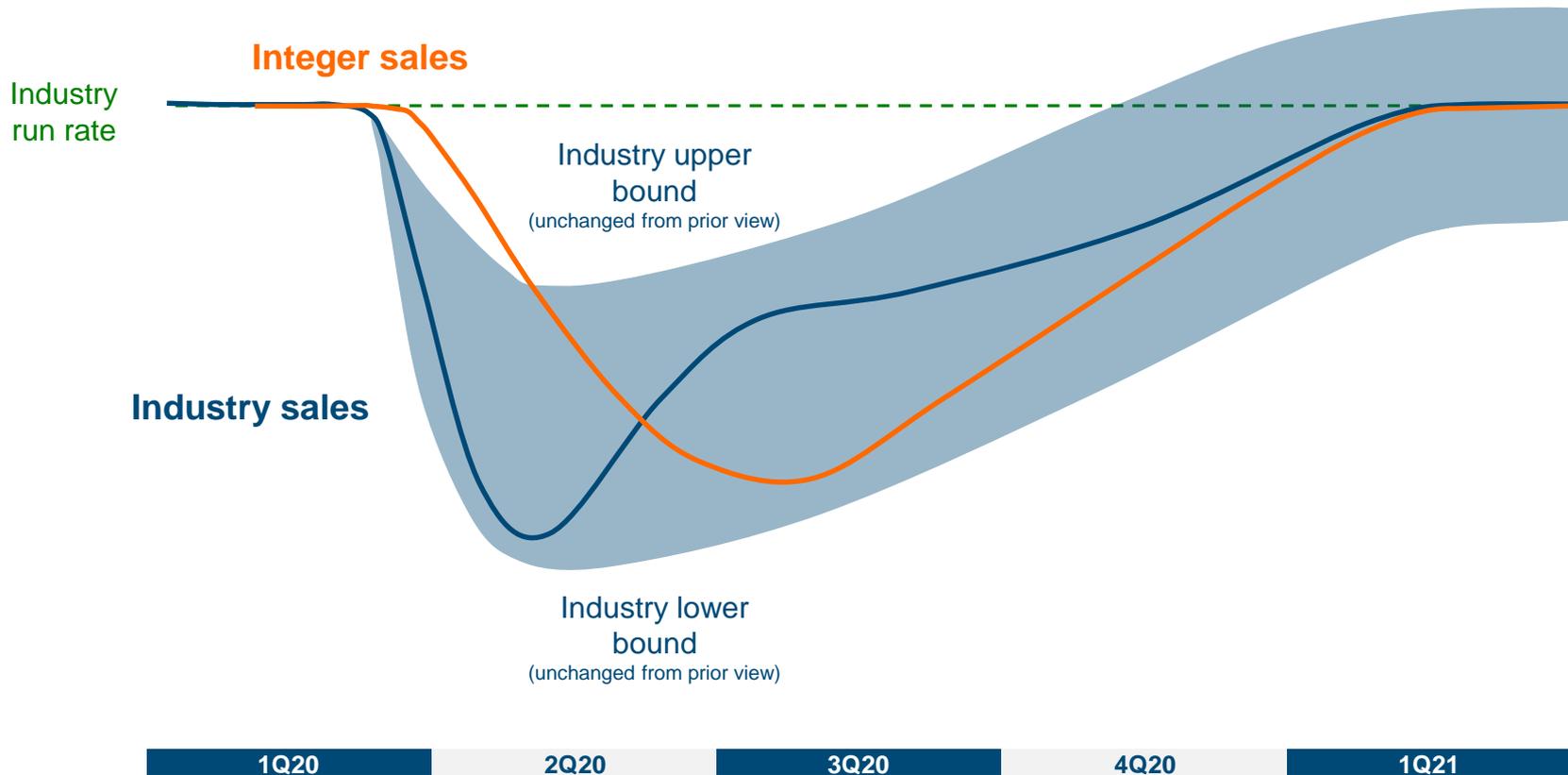
How we are managing

Potential COVID-19 Impact on Integer Sales



- ✓ Integer sales current view vs. prior view:
 - Slightly earlier decline, but not as steep during 2Q
 - Expect to reach bottom in early 3Q vs. late 2Q

Potential COVID-19 Impact on Integer vs. Industry



- ✓ 2Q Integer sales decline is better than industry by ~10 percentage points
- ✓ Expect 3Q/4Q sales to be 10 percentage points below industry ... converge in 1Q21
- ✓ Integer sales influenced by blend of customers' plans & inventory management

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

COVID-19 Impact and Integer's Response



Our view of the Industry impact

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Potential impact on Integer

- 2Q Integer 24% sales decline is approximately 10 percentage points better than industry, as our decline is a blend of our customers' responses
- Integer's estimated 2Q favorability versus the industry is expected to reverse in the second half ... expect convergence with industry in 1Q 2021
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How we are managing

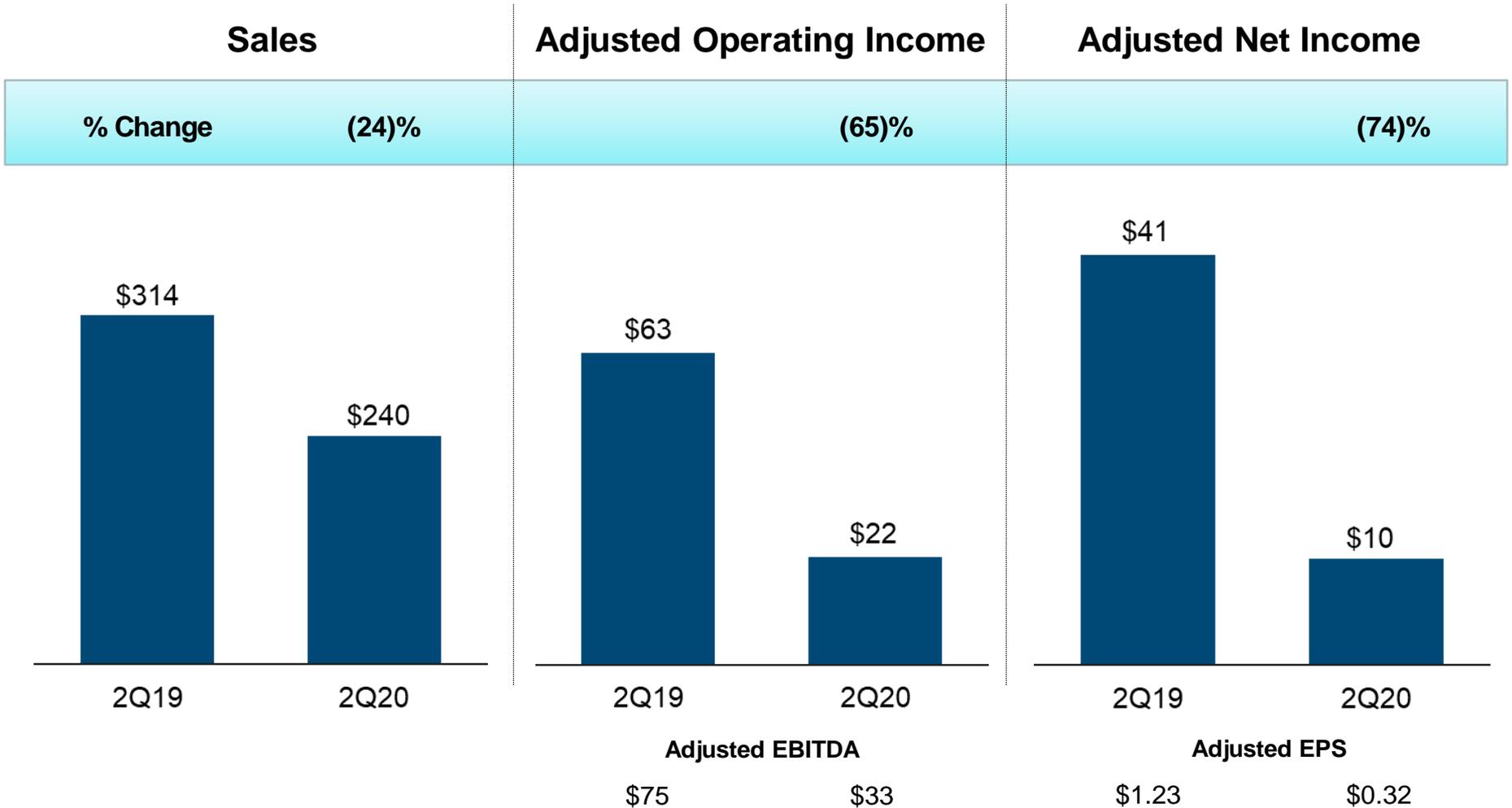
- Executing our strategy
 - Ample liquidity for potential M&A and prolonged pandemic
 - Protecting strategic investments while adjusting costs related to expected temporary volume decline

Financial Results

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2Q20 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

Balanced Cost Management Response to Temporary COVID-19 Sales Reduction

Chart from 1Q20 earnings presentation

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

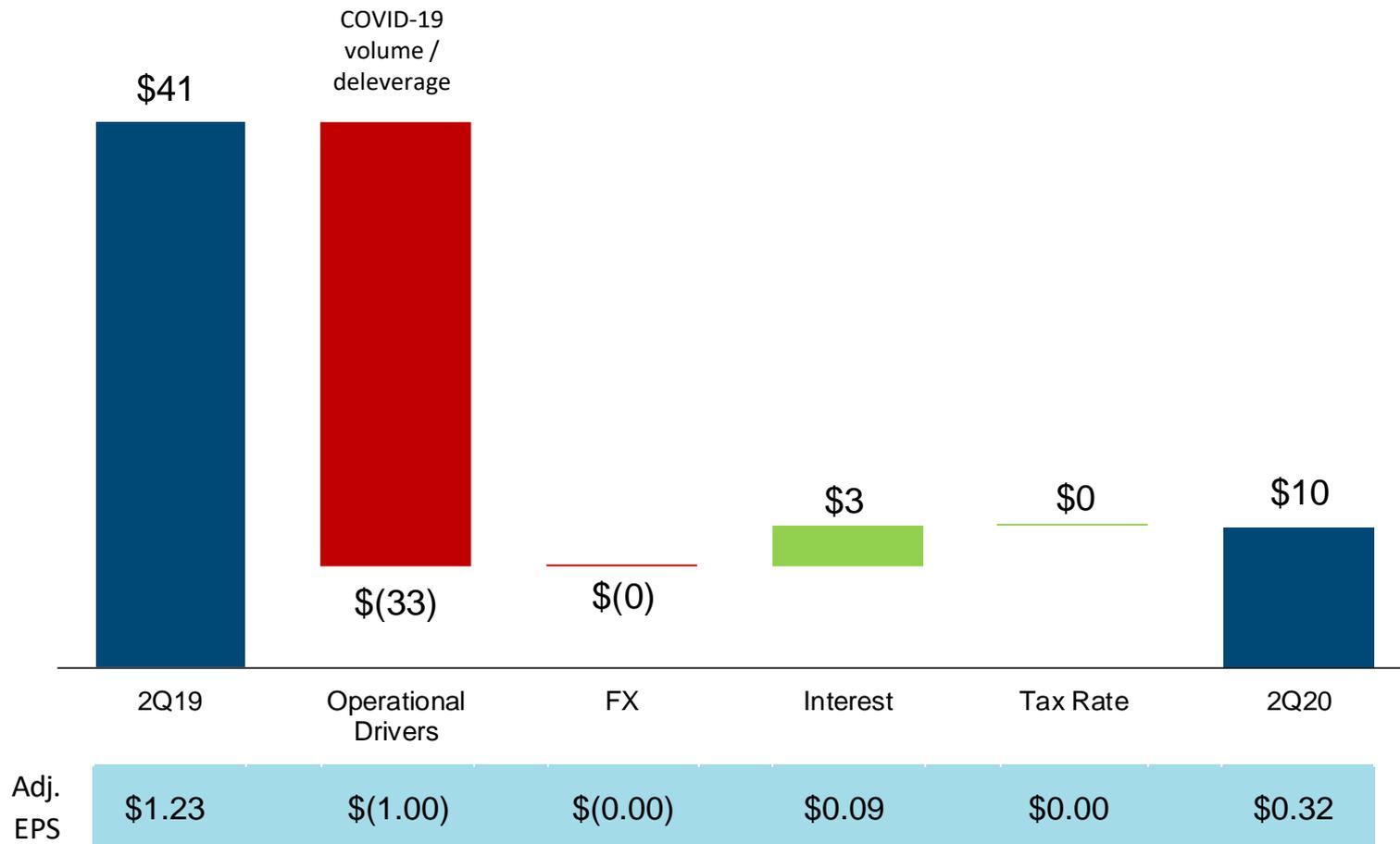
Adjust with volume

Primarily fixed in the near term

Expect margin rates decrease / increase consistent with changes in volume

2Q20 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

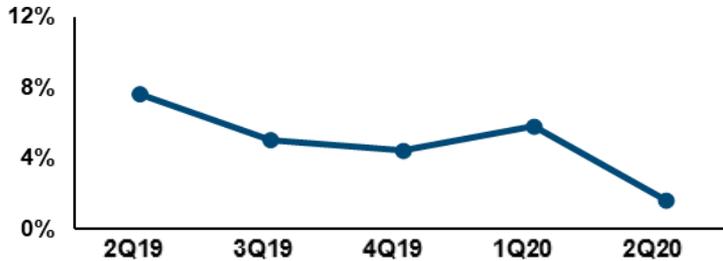
Product Line Review

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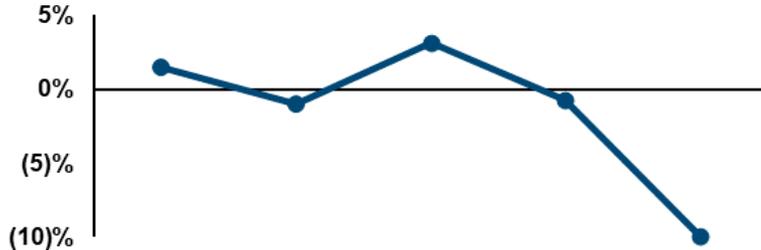
Year-over-Year Sales Trend⁽¹⁾

Trailing 4 Quarters

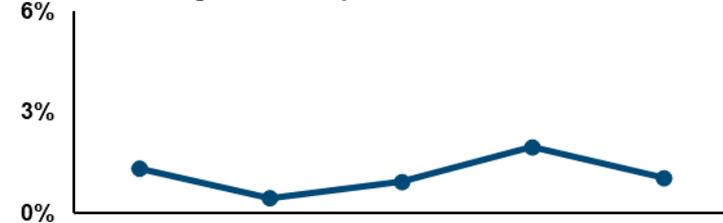
Cardio & Vascular



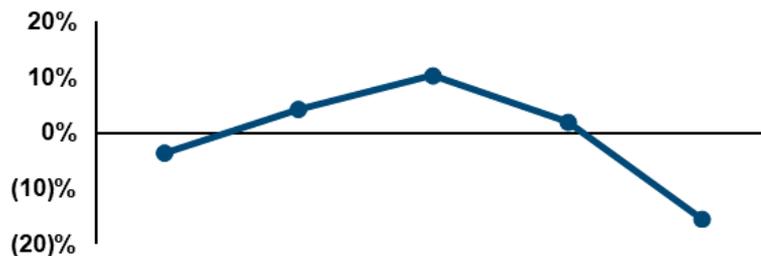
Cardiac & Neuromodulation



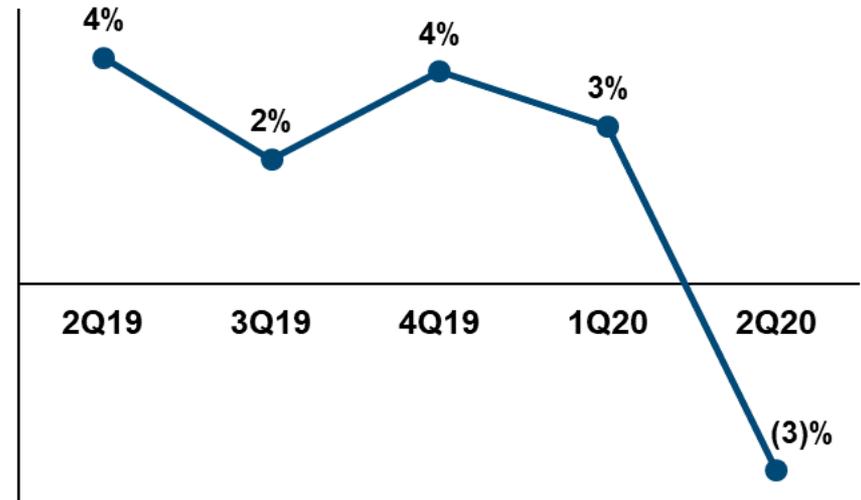
Advanced Surgical, Orthopedic & Portable Medical



Electrochem (Non-Medical)



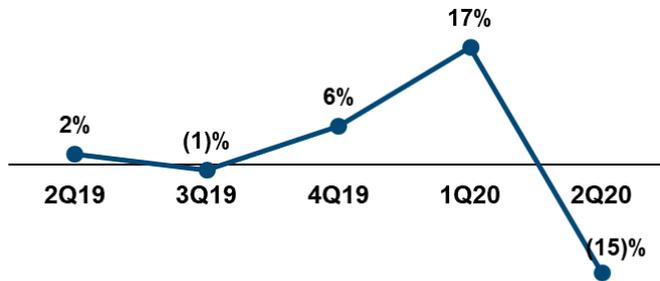
Integer – Trailing 4 Quarters



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

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

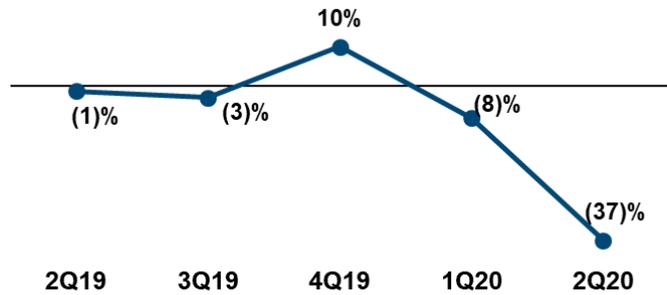
- 2Q20 sales were negatively impacted by the COVID-19 pandemic and a blend of our customers' responses across nearly all C&V markets, though structural heart continued to grow due to development programs.
- Trailing 4 quarter sales decline driven by COVID-19 pandemic.

⁽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)



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



Pulse Generator Components & Assemblies



Leads & Lead Components, Adaptors & Assemblies

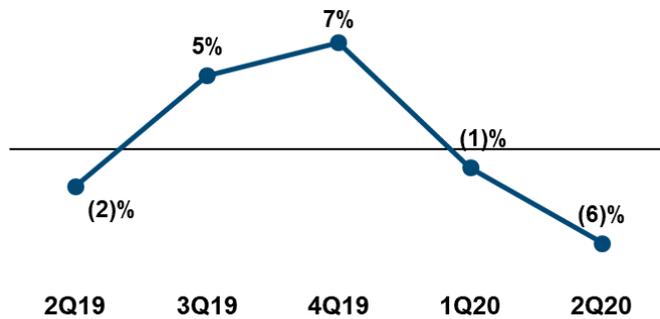


Pulse Generators & External Solutions (Programmators, Chargers, Patient Devices)

- 2Q20 CRM and Neuro decline commensurate with the market impact and a blend of our customers' responses. Additionally, the Nuvectra bankruptcy created a \$7 million headwind.
- Trailing 4 quarter sales decrease driven by Nuvectra bankruptcy (\$20 million) and headwinds from COVID-19 pandemic.

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

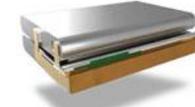
(\$ in millions)



Orthopedic Implants & Instruments



Electrosurgical Accessories



Li-Ion Battery Packs



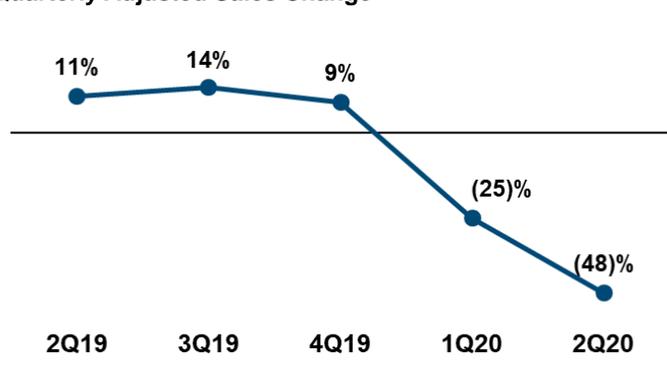
Core Battery Pack Assemblies

- 2Q20 sales decline driven by COVID-19 impact and a blend of our customers' responses, partially offset by increased demand for ventilator and patient monitoring components
- Trailing 4 quarter sales trend reflects modest 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)



Battery Cells



Battery Packs

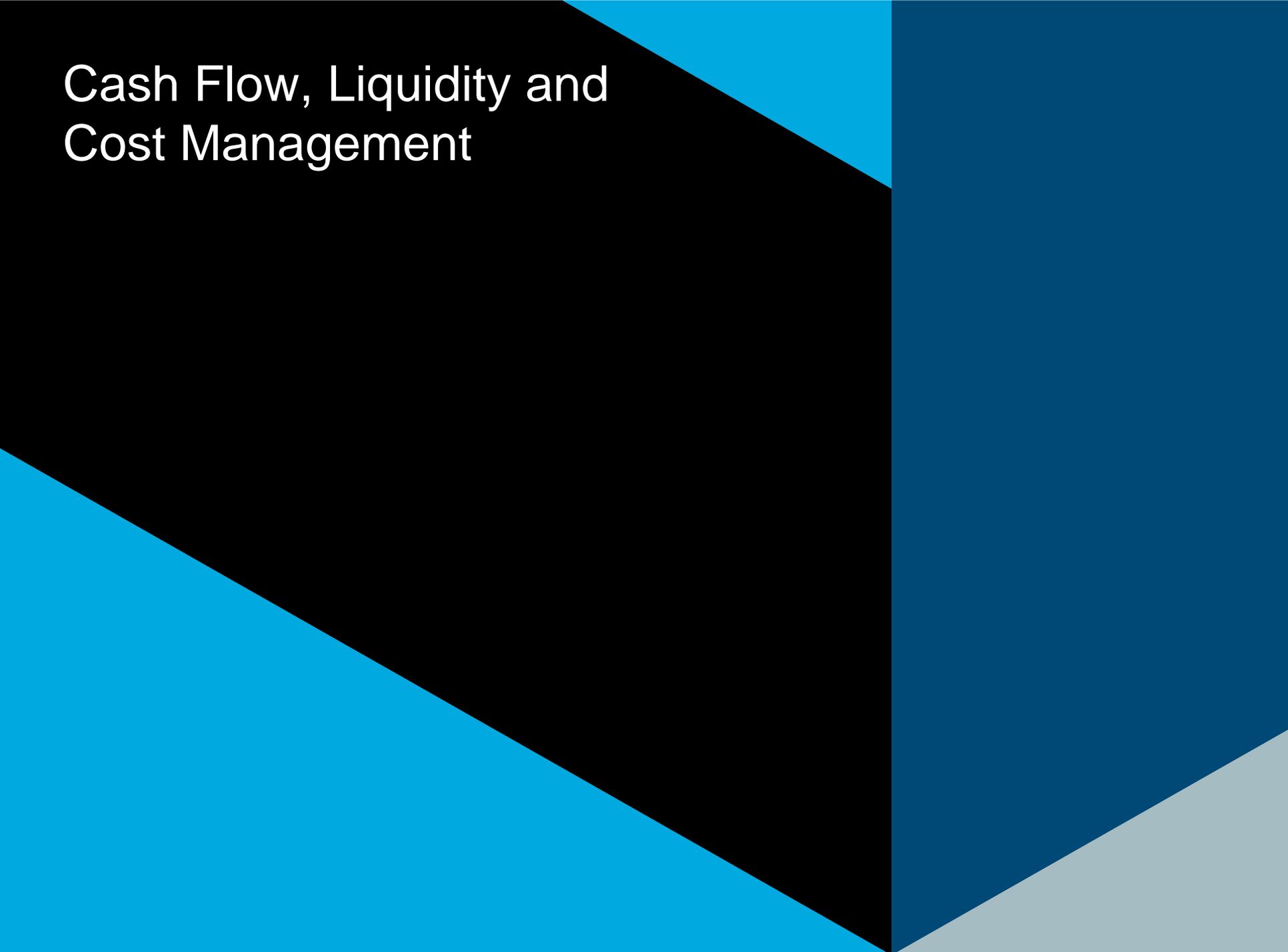


Battery Chargers

- 2Q20 declined by approximately \$8 million, driven by a severe decline in the energy market and demand fall-out from the COVID-19 pandemic.
- Trailing 4 quarter sales decline driven by energy market contraction and reduced demand in environmental and military markets.
- Reductions in force and manufacturing furloughs were implemented due to an expected prolonged downturn.

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

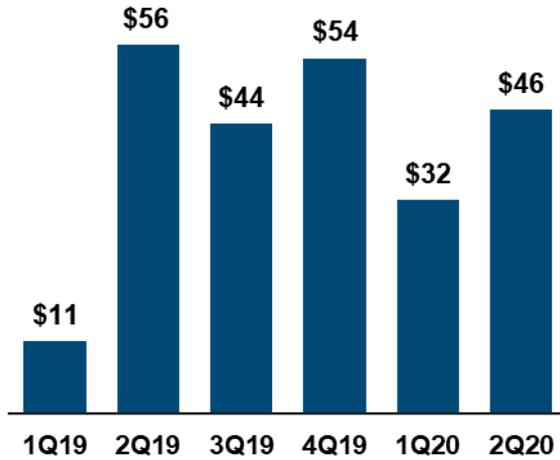
Cash Flow, Liquidity and Cost Management

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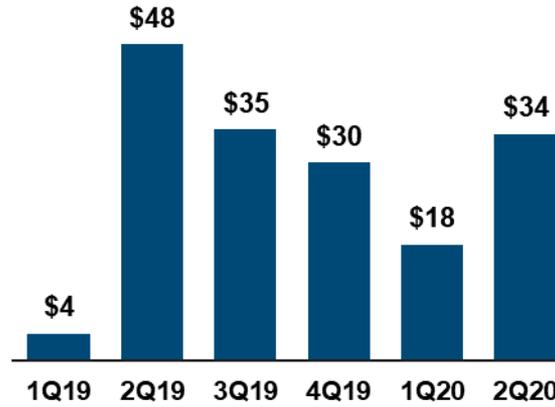
Cash Flow & Leverage

(\$ in millions)

Cash Flow From Ops



Free Cash Flow (1)

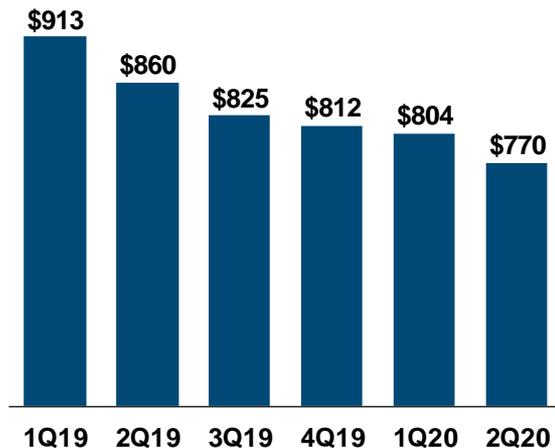


2Q20 Highlights

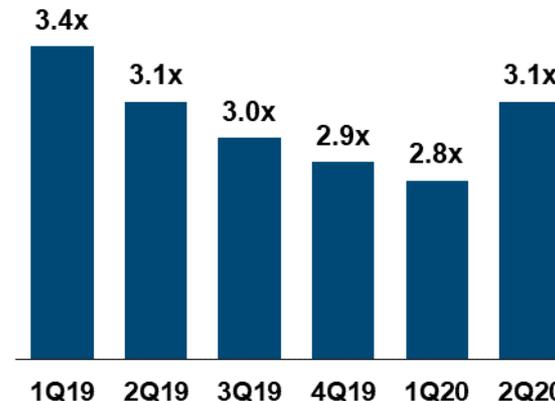
- 2Q cash flow reflects pre-COVID-19 1Q sales collections
- Expect lower 3Q cash flow due to lower 2Q sales
- Continued Capex investments to support strategy with some delays from COVID-19
- \$33 million reduction in Net total debt from first quarter
- Leverage increase from COVID-19 impact on profit

Net Total Debt

Change vs Prior Quarter: \$(53) \$(35) \$(13) \$(8) \$(33)



Leverage (2)



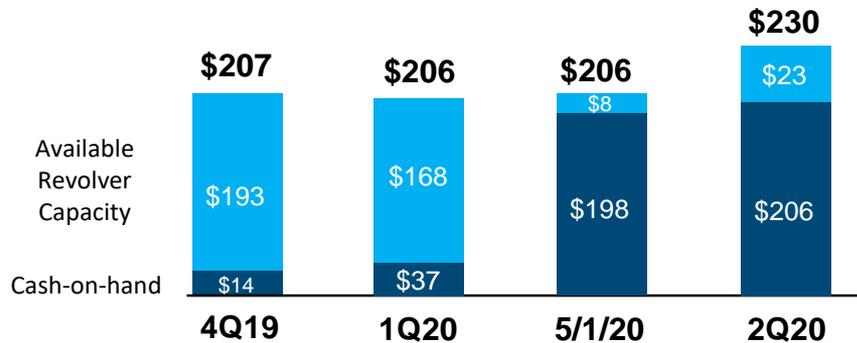
(1) Free Cash Flow defined as Cash Flow from Operations less Capital Expenditures (acquisition of property, plant, and equipment (PP&E), net of proceeds from sale of PP&E)

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

Financial Strength to Execute Our Strategy

(\$ in millions)

Available liquidity



- ✓ \$46 million of 2Q Cash Flow From Operating Activities (CFOA)
- ✓ \$19 million in remaining required debt payments in 2020

Bank covenant amendment update

- ✓ Increased covenant leverage from 4.0x to 4.75x from 3Q20 to 2Q21
- ✓ Additional 0.5x for eligible M&A
- ✓ Minimal cost for protection & flexibility ... broad bank group support

Ample liquidity and improved leverage cushion

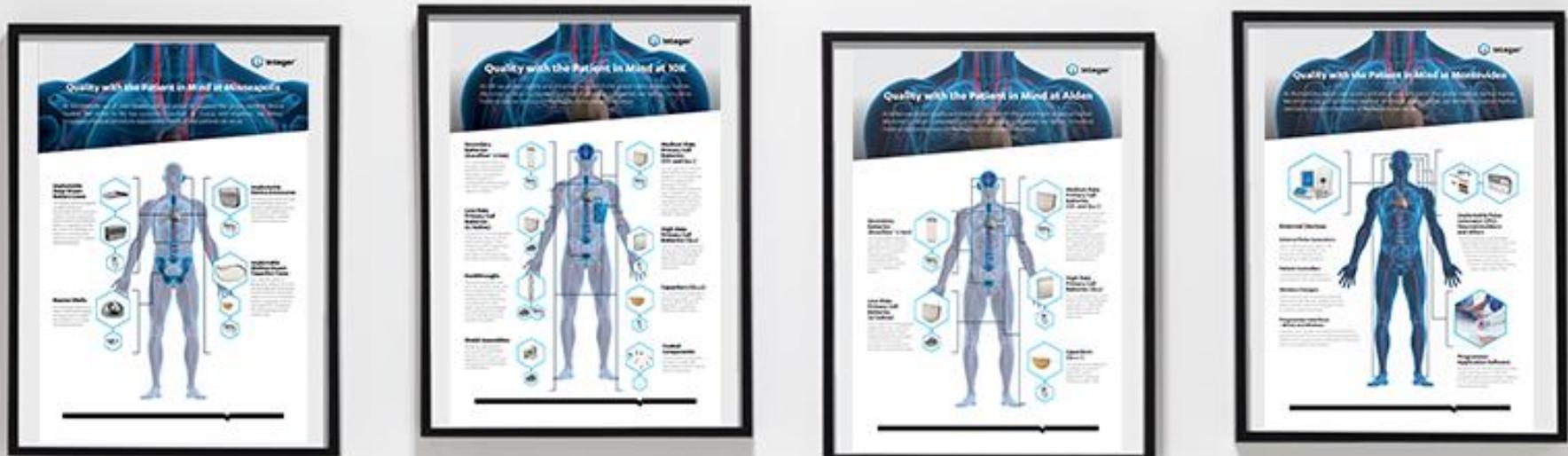
Wrap Up

How We Continue to Lead Integer

- ✓ **Take care of Associates, who take care of Customers**
- ✓ **Manage COVID-19 uncertainty ... new normal**
 - Increased agility to respond to changing customer demand
 - Adjusting costs related to expected temporary volume decline
- ✓ **Maintain focus on executing our strategy**
 - Manufacturing Excellence ... Integer Production System
 - Sales Force Excellence ... new leaders, processes
 - Investing in capabilities ... organically and inorganically
- ✓ **Financial strength**
 - Ample liquidity to invest throughout pandemic
 - Margin rates contract & expand with volume decline & recovery

Executing our strategy during pandemic to create long term value

Questions?



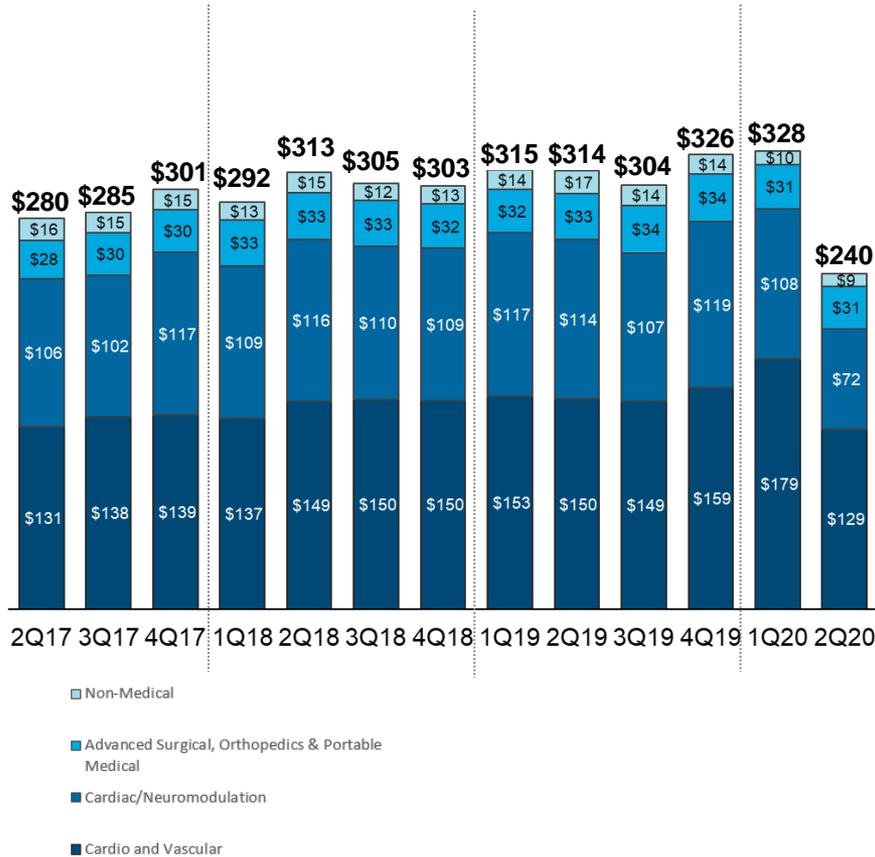
APPENDIX

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Historical Financial Results⁽¹⁾

(\$ in millions, except per share amounts)

Adjusted Sales



Adjusted EPS⁽²⁾



- (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					
	July 3, 2020			June 28, 2019		
	Pre-Tax	Net of Tax	Per Diluted Share	Pre-Tax	Net of Tax	Per Diluted Share
Income from continuing operations (GAAP)	\$ 165	\$ 389	\$ 0.01	\$ 34,832	\$ 28,222	\$ 0.85
Adjustments ^(a) :						
Amortization of intangibles	10,151	8,026	0.24	9,831	7,778	0.24
Certain legal expenses (SG&A) ^(b)	407	323	0.01	680	537	0.02
Other operating expenses (OOE) ^(c)	2,029	1,571	0.05	3,108	2,379	0.07
(Gain) loss on equity investments, net	205	162	—	1,611	1,273	0.04
Loss on extinguishment of debt	—	—	—	562	443	0.01
Customer bankruptcy ^(d)	18	14	—	—	—	—
Adjusted income from continuing operations (Non-GAAP)	<u>\$ 12,975</u>	<u>\$ 10,485</u>	<u>\$ 0.32</u>	<u>\$ 50,624</u>	<u>\$ 40,632</u>	<u>\$ 1.23</u>
Diluted weighted average shares for adjusted EPS		33,129			33,009	

(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) Expenses associated with non-ordinary course legal matters.

(c) 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.

(d) In November 2019, one of our customers, Nuvectra Corporation, filed a voluntary Chapter 11 bankruptcy petition (the “Customer Bankruptcy”). During the first six months of 2020, we incurred costs and recorded charges associated with the Customer Bankruptcy, primarily consisting of an \$0.8 million charge in the first quarter related to inventory recorded in cost of sales in our condensed consolidated statement of operations.

Non-GAAP Reconciliation

Income from Continuing Operations and Diluted EPS Reconciliation – YTD

(\$ in thousands, except per share amounts)

	Six Months Ended					
	July 3, 2020			June 28, 2019		
	Pre-Tax	Net of Tax	Per Diluted Share	Pre-Tax	Net of Tax	Per Diluted Share
Income from continuing operations (GAAP)	\$ 36,804	\$ 31,489	\$ 0.95	\$ 59,964	\$ 49,588	\$ 1.50
Adjustments ^(a) :						
Amortization of intangibles	20,595	16,280	0.49	19,685	15,574	0.47
Certain legal expenses (SG&A) ^(b)	1,009	798	0.02	2,076	1,640	0.05
Other operating expenses (OOE) ^(c)	4,957	3,872	0.12	5,998	4,596	0.14
(Gain) loss on equity investments, net	(1,720)	(1,359)	(0.04)	1,652	1,305	0.04
Loss on extinguishment of debt	—	—	—	974	769	0.02
Customer bankruptcy ^(d)	872	689	0.02	—	—	—
Adjusted income from continuing operations (Non-GAAP)	<u>\$ 62,517</u>	<u>\$ 51,769</u>	<u>\$ 1.56</u>	<u>\$ 90,349</u>	<u>\$ 73,472</u>	<u>\$ 2.23</u>
Diluted weighted average shares for adjusted EPS		33,123			32,995	

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Non-GAAP Reconciliation

2Q20 Income from Continuing Operations and Diluted EPS Reconciliation – Detailed View

(\$ in thousands, except per share amounts)

	2020						2019		CHANGE
	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	
Sales	\$ 240,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,115	\$ 314,194	-23.6%
Cost of sales	182,252	(3,172)	-	-	-	57	179,137	214,015	-16.3%
Gross profit	57,863	3,172	-	-	-	(57)	60,978	100,179	-39.1%
<i>Gross margin</i>	24.1%	1.3%	0.0%	0.0%	0.0%	0.0%	25.4%	31.9%	-6.5 pts
Operating expenses:									
Selling, general and administrative	33,903	(6,979)	(407)	-	-	(75)	26,442	25,827	2.4%
<i>SG&A as a % of sales</i>	14.1%	-2.9%	-0.2%	0.0%	0.0%	0.0%	11.0%	8.2%	2.8 pts
Research, development and engineering	12,746	-	-	-	-	-	12,746	11,396	11.8%
<i>RD&E as a % of sales</i>	5.3%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	3.6%	1.7 pts
Other operating expenses	2,029	-	-	(2,029)	-	-	-	-	0.0%
Total operating expenses	48,678	(6,979)	(407)	(2,029)	-	(75)	39,188	37,223	5.3%
Operating income	9,185	10,151	407	2,029	-	18	21,790	62,956	-65.4%
<i>Operating margin</i>	3.8%	4.2%	0.2%	0.8%	0.0%	0.0%	9.1%	20.0%	-10.9 pts
Interest expense	9,273	-	-	-	-	-	9,273	13,050	-28.9%
Loss on equity investments	205	-	-	-	(205)	-	-	-	0.0%
Other income, net	(458)	-	-	-	-	-	(458)	(718)	-36.2%
Income before taxes	165	10,151	407	2,029	205	18	12,975	50,624	-74.4%
Provision (benefit) for income taxes	(224)	2,125	84	458	43	4	2,490	9,992	-75.1%
<i>Effective tax rate</i>	-135.8%	20.9%	20.6%	22.6%	n/a	22.2%	19.2%	19.7%	-0.5 pts
Net income	\$ 389	\$ 8,026	\$ 323	\$ 1,571	\$ 162	\$ 14	\$ 10,485	\$ 40,632	-74.2%
Diluted earnings per share	\$ 0.01	\$ 0.24	\$ 0.01	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.32	\$ 1.23	-74.0%
Weighted average shares - Diluted	33,129	33,129	33,129	33,129	33,129	33,129	33,129	33,009	0.4%

Non-GAAP Reconciliation

YTD 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	\$ 568,541	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,541	\$ 628,870	-9.6%
Cost of sales	413,976	(6,441)	-	-	-	(767)	406,768	436,819	-6.9%
Gross profit	154,565	6,441	-	-	-	767	161,773	192,051	-15.8%
<i>Gross margin</i>	27.2%	1.1%	0.0%	0.0%	0.0%	0.1%	28.5%	30.5%	-2.0 pts
Operating expenses:									
Selling, general and administrative	70,360	(14,154)	(1,009)	-	-	(105)	55,092	52,795	4.4%
<i>SG&A as a % of sales</i>	12.4%	-2.5%	-0.2%	0.0%	0.0%	0.0%	9.7%	8.4%	1.3 pts
Research, development and engineering	25,987	-	-	-	-	-	25,987	22,991	13.0%
<i>RD&E as a % of sales</i>	4.6%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	3.7%	0.9 pts
Other operating expenses	4,957	-	-	(4,957)	-	-	-	-	0.0%
Total operating expenses	101,304	(14,154)	(1,009)	(4,957)	-	(105)	81,079	75,786	7.0%
Operating income	53,261	20,595	1,009	4,957	-	872	80,694	116,265	-30.6%
<i>Operating margin</i>	9.4%	3.6%	0.2%	0.9%	0.0%	0.2%	14.2%	18.5%	-4.3 pts
Interest expense	19,634	-	-	-	-	-	19,634	26,468	-25.8%
Gain on equity investments	(1,720)	-	-	-	1,720	-	-	-	0.0%
Other income, net	(1,457)	-	-	-	-	-	(1,457)	(552)	NM
Income before taxes	36,804	20,595	1,009	4,957	(1,720)	872	62,517	90,349	-30.8%
Provision for income taxes	5,315	4,315	211	1,085	(361)	183	10,748	16,877	-36.3%
<i>Effective tax rate</i>	14.4%	21.0%	20.9%	21.9%	n/a	21.0%	17.2%	18.7%	-1.5 pts
Net income	\$ 31,489	\$ 16,280	\$ 798	\$ 3,872	\$ (1,359)	\$ 689	\$ 51,769	\$ 73,472	-29.5%
Diluted earnings per share	\$ 0.95	\$ 0.49	\$ 0.02	\$ 0.12	\$ (0.04)	\$ 0.02	\$ 1.56	\$ 2.23	-29.8%
Weighted average shares - Diluted	33,123	33,123	33,123	33,123	33,123	33,123	33,123	32,995	0.4%

Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA Reconciliation

(\$ in thousands)

	Three Months Ended		Six Months Ended	
	July 3, 2020	June 28, 2019	July 3, 2020	June 28, 2019
Income from continuing operations (GAAP)	\$ 389	\$ 28,222	\$ 31,489	\$ 49,588
Interest expense	9,273	13,612	19,634	27,442
Provision for income taxes	(224)	6,610	5,315	10,376
Depreciation	9,429	9,046	18,479	18,850
Amortization of intangibles	10,151	9,831	20,595	19,685
EBITDA from continuing operations (Non-GAAP)	29,018	67,321	95,512	125,941
Stock-based compensation (excluding OOE)	1,504	2,673	3,242	5,386
Certain legal expenses	407	680	1,009	2,076
Other operating expenses (OOE)	2,029	3,108	4,957	5,998
(Gain) loss on equity investments, net	205	1,611	(1,720)	1,652
Customer bankruptcy	18	—	872	—
Adjusted EBITDA from continuing operations (Non-GAAP)	\$ 33,181	\$ 75,393	\$ 103,872	\$ 141,053
Total Sales	\$ 240,115	\$ 314,194	\$ 568,541	\$ 628,870
Adjusted EBITDA margin	13.8 %	24.0 %	18.3 %	22.4 %

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 Change
QTD Change (2Q 2020 vs. 2Q 2019)				
EBITDA from continuing operations	(56.9)%	0.9%	(0.8)%	(56.8)%
Income from continuing operations	(98.6)%	24.4%	(1.3)%	(75.5)%
Diluted EPS from continuing operations	(98.8)%	24.8%	(1.6)%	(75.6)%
YTD Change (6M 2020 vs. 6M 2019)				
EBITDA from continuing operations	(24.2)%	(2.2)%	(1.3)%	(27.7)%
Income from continuing operations	(36.5)%	7.0%	(1.6)%	(31.1)%
Diluted EPS from continuing operations	(36.7)%	6.7%	(1.4)%	(31.4)%

^(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 when applicable.

Capitalization

(\$ in millions)



	07/03/20 As Reported	Original Rate	07/03/20 Rate
Cash & Cash Equivalents	\$ 206		
\$200M Revolver [Due 2022]	\$ 170	L + 325	L + 200
TLA [Due 2022]	\$ 248	L + 325	L + 200
TLB [Due 2022]	\$ 558	L + 425	L + 250
Total Principal Amount of Debt Outstanding	\$ 977⁽¹⁾		
Deferred Fees and OID	\$ (9)		
Total Debt (Principal Amount of Debt Outstanding Less Deferred Fees and Discounts)	\$ 968		
Net Total Debt - All Cash (Principal Amount of Debt Outstanding Less ALL Cash)	\$ 770		
<u>Continuing Operations Statistics</u>			
Trailing 4 Quarter Adjusted EBITDA	\$ 247		
Trailing 4 Quarter Cash Interest Expense	\$ 39		
Trailing 4 Quarter Capital Expenditures	\$ 59		
<u>Credit Statistics</u>			
Net Total Debt - All Cash / Trailing 4 Quarter Adjusted EBITDA			3.1x ⁽²⁾
Trailing 4 Quarter Adjusted EBITDA / Cash Interest Expense			6.4x

⁽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

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