



Investor Presentation Q4 2022 Earnings Call

Curt R. Hartman
Chair of the Board, President, and Chief Executive Officer

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February 2, 2023

Forward-Looking Information

This presentation contains forward-looking statements based on certain assumptions and contingencies that involve risks and uncertainties. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and relate to the Company's performance on a going-forward basis. The forward-looking statements in this presentation involve risks and uncertainties which could cause actual results, performance or trends, to differ materially from those expressed in the forward-looking statements herein or in previous disclosures. For example, in addition to general industry and economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this presentation include, but are not limited to, the risks posed to the Company's business, financial condition, and results of operations by the COVID-19 global pandemic and the various government responses to the pandemic, including deferral of surgeries, reductions in hospital and ambulatory surgery center operating volumes, disruption to potential supply chain reliability; any assumptions underlying any of the foregoing, as well as the risk factors discussed in the Company's Annual Report on Form 10-K for the full year ended December 31, 2021, listed under the heading Forward-Looking Statements in the Company's most recently filed Form 10-Q and other risks and uncertainties which may be detailed from time to time in reports filed by CONMED with the SEC, including the risks associated with the timing and costs related to the software implementation as further described in the risk factors listed in the Current Report filed on Form 8-K on November 15, 2022.

Management has disclosed adjusted financial measurements in this presentation that present financial information that is not in accordance with generally accepted accounting principles in the United States (GAAP). The Company analyzes net sales on a constant currency basis to better measure the comparability of results between periods. To measure earnings performance on a consistent and comparable basis, the Company excludes certain items that affect the comparability of operating results and the trend of earnings. These adjustments are irregular in timing, may not be indicative of past and future performance and are therefore excluded to allow investors to better understand underlying operating trends. These measurements are not a substitute for GAAP measurements. Investors should consider adjusted measures in addition to, and not as a substitute for, or superior to, financial performance measures prepared in accordance with GAAP.

We are unable to present a quantitative reconciliation of our expected diluted net earnings per share to expected adjusted diluted net earnings per share as we are unable to predict with reasonable certainty and without unreasonable effort the impact and timing of acquisition, integration and other charges. The financial impact of these items is uncertain and is dependent on various factors, including timing, and could be material to our consolidated statements of income (loss).

CONMED Vision

Empower healthcare providers worldwide to deliver exceptional outcomes for patients.

Focus behind the Vision
People, Products, Profitability



WE DO
things the
right way.



WE MAKE
and keep
commitments.



WE OPERATE
with urgency.



WE BELIEVE
in the power of
engaged talent.



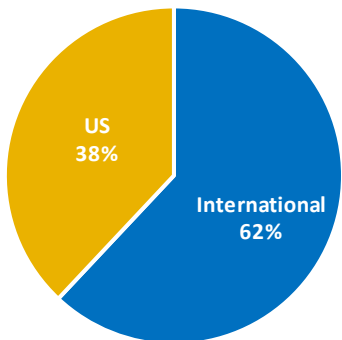
WE DELIVER
exceptional results.

Objectives for Our Shareholders

- Aggregate growth and profitability over the long term to significantly increase the valuation of the company
- Increase our market share in large and attractive markets
- Deliver above-market revenue and profitability growth over the long term

Orthopedics: Large, Attractive Markets

2022



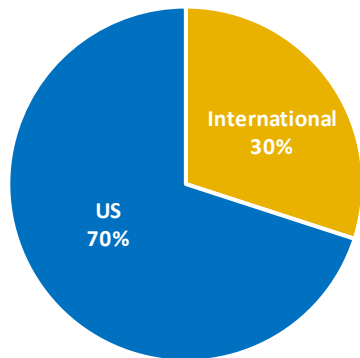
74%

Recurring, single-use revenue

| Category | Description | Market Size and Competitors | Dollar Value of 1 Market Share Point |
|---------------------------------|--|---|--|
| Sports Medicine | Devices for repair of soft tissue injuries in joints | \$4.4 to \$4.6 Billion <ul style="list-style-type: none"> Arthrex DePuy Mitek (J&J) Smith & Nephew Stryker Zimmer Biomet | ~\$45M |
| Allograft Tissue | Exclusive commercial rights to MTF allograft tissue | \$375 to \$425 Million <ul style="list-style-type: none"> Allosource LifeNet RTI | ~\$4M |
| Powered Instruments | Surgical drills and saws with related single-use accessories | \$1.4 to \$1.6 Billion <ul style="list-style-type: none"> Stryker DePuy Synthes (J&J) Medtronic (Midas Rex / Xomed) Zimmer Biomet | ~\$15M |
| Surgical Visualization | High-definition surgical visualization systems to enable minimally invasive arthroscopic surgery | \$1.8 to \$2.0 Billion <ul style="list-style-type: none"> Stryker Arthrex Karl Storz Olympus Richard Wolf Smith & Nephew | ~\$19M |
| Foot and Ankle | Comprehensive portfolio includes implants, fracture systems, biologics, and related hardware | \$4.4 to \$4.6 Billion <ul style="list-style-type: none"> Stryker DePuy Synthes (J&J) Arthrex Paragon 28 Treace | ~\$45M |
| <u>Total Orthopedics</u> | 60% to 70% in Surgery Centers in the U.S. | | ~\$128M ~12% growth for total company |

General Surgery: Large, Attractive Markets

2022



91%

Recurring, single-use revenue

| Category | Description | Market Size and Competitors | Dollar Value of 1 Market Share Point |
|------------------------------|---|--|--|
| Access | A platform of devices and accessories to create and enter the surgical working space in minimally invasive procedures | \$1.4 to \$1.6 Billion <ul style="list-style-type: none"> Ethicon (J&J) Applied Medical Stryker Medtronic Olympus Karl Storz | ~\$15M |
| Energy | RF energy to affect tissue by cutting, sealing, or causing hemostasis in open or minimally invasive procedures. Smoke evacuation and filtration to support the surgical environment | \$2.7 to \$2.9 Billion <ul style="list-style-type: none"> Medtronic Ethicon (J&J) Olympus Stryker Cooper Surgical ERBE | ~\$28M |
| Instruments | Instruments and accessories for minimally invasive laparoscopic, open, and robotic approaches | \$1.5 to \$1.7 Billion <ul style="list-style-type: none"> Karl Storz Aesculap Stryker | ~\$16M |
| Endoscopic Technologies | Therapeutic and diagnostic endoscopic products used by Gastroenterologists | \$3.0 to \$3.2 Billion <ul style="list-style-type: none"> Boston Scientific Cook Medical Cantel Olympus Merit Endotek STERIS | ~\$31M |
| Critical Care | Single-use devices for monitoring cardiac activity and other patient care devices | \$0.8 to \$1.0 Billion <ul style="list-style-type: none"> 3M Company Cardinal | ~\$9M |
| <u>Total General Surgery</u> | 90% to 95% in Hospitals | | ~\$99M ~10% growth for total company |

Impact from Warehouse Software Implementation

- Implemented a Warehouse Management Software System in Q4 2022 that will increase capacity and efficiency but caused significant delays in shipping during Q4

Revenue Impact:

- Estimated Q4 2022 revenue impact in the neighborhood of \$65 million
 - Performed a complete physical inventory during the last 3 days of the year, which are typically the biggest sales days of the year
 - Impact was across the entire organic portfolio, with slightly more impact to the General Surgery product lines
 - Domestic and international sales were impacted at similar percentages, with the United States impacted first and international geographies impacted later

Impact from Warehouse Software Implementation (continued)

Cash Flow and Profitability Impact:

- Lower revenue led to a significant increase in inventory in Q4 2022
- Estimated negative impact to Adjusted EPS of about 60 cents in Q4 2022, due principally to lower revenue

Estimated Impact on 2023:

- Shipping at or above normal daily levels currently
- Focus is on regaining customers and volumes that have been affected by the disruption; we expect this to progress throughout the year, with Q1 being the most negatively impacted. Q1 also benefits from backlog carried into 2023, including the impact from the physical inventory at year end.
- 2023 Gross Margin will be impacted by a temporary slow down in production to bring inventory back to prior levels more quickly

Q4 and Full Year 2022 Financial Results

Q4 2022:

- Revenue: \$250.9M, a decrease of 8.4% year over year as reported and 7.0% in constant currency. Recent acquisitions contributed 460 basis points to revenue growth in Q4 2022
- GAAP EPS: Diluted net earnings per share of \$0.86, compared to \$0.75 in the prior year period
- Adjusted EPS*: Diluted net earnings per share of \$0.42, a decrease of 60.7% from the prior year period

Full Year 2022:

- Revenue: \$1,045.5M, an increase of 3.4% year over year as reported and 4.6% in constant currency. Recent acquisitions contributed 240 basis points to revenue growth in 2022
- GAAP EPS: Diluted net loss per share of \$2.68, compared to diluted net income per share of \$1.94 in the prior year
- Adjusted EPS*: Diluted net earnings per share of \$2.65, a decrease of 17.4% from the prior year

*Excludes the costs of special items, including acquisition and integration costs, legal costs, restructuring and related costs, incremental costs related to software implementation, contingent consideration fair value adjustments, debt refinancing costs, as well as amortization of intangible assets, deferred financing fees and debt discount, net of tax

2023 Financial Guidance

Revenue Guidance:

| | <u>Low</u> | <u>High</u> | | |
|---------------------|----------------|----------------|---|--------------|
| <i>Organic</i> | 1,168.9 | 1,209.7 | 11.8% | 15.7% |
| <i>Acquisitions</i> | 22.0 | 26.0 | Represents revenue prior to acquisition anniversary | |
| <i>FX</i> | (20.9) | (15.7) | 150 to 200 bp headwind | |
| Total | 1,170.0 | 1,220.0 | 11.9% | 16.7% |

Gross Margins:

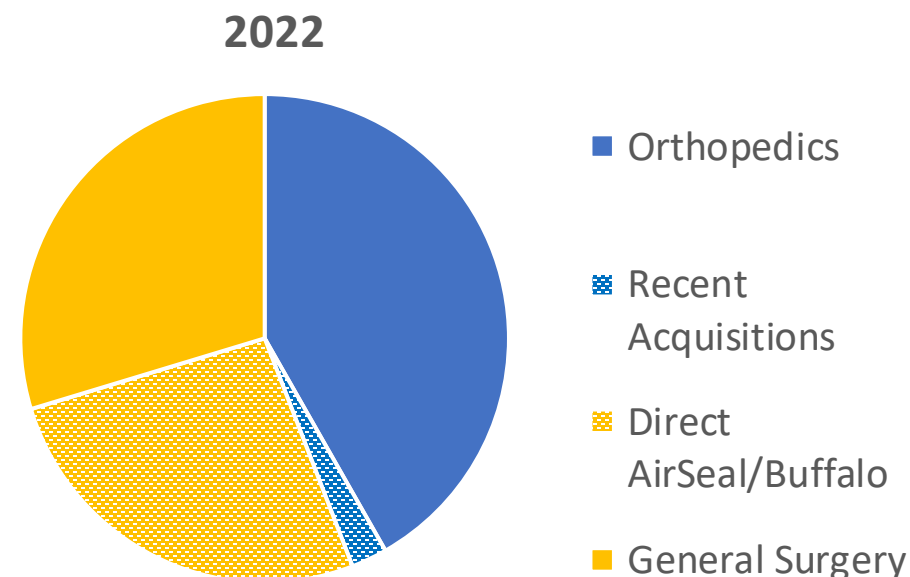
| | <u>Low</u> | <u>High</u> | |
|-------------------------|--------------|--------------|--|
| <i>2022 Final</i> | 55.3% | 55.3% | |
| <i>Acquisitions/Mix</i> | 1.1% | 1.4% | Increasing benefit as mix improves |
| <i>FX</i> | -0.6% | -0.4% | |
| <i>Cost/Volume</i> | -0.3% | -0.5% | Expect this to be positive in 2024 and beyond |
| 2023 Guide | 55.5% | 55.8% | Expect improvements around 150 bp in 2024 and 250 bp in 2025 |

Adjusted Cash EPS Guidance:

| | <u>Low</u> | <u>High</u> | | |
|-------------------|----------------|----------------|--------------|--------------|
| Constant Currency | \$ 3.45 | \$ 3.65 | 30.2% | 37.7% |
| FX | \$ (0.25) | \$ (0.20) | | |
| Total | \$ 3.20 | \$ 3.45 | 20.8% | 30.2% |

Improving Product Mix and Growth Drivers

- Global products expected to grow at above-market rates for the long term, driven by increasing customer adoption of innovative technologies
- 2022 Acquisitions of In2Bones and Biorez expected to grow significantly and become increasingly accretive beginning in 2024
- AirSeal® and direct Buffalo Filter together expected to continue growing above 20% globally



Growth drivers are accretive to corporate average margins, driving an improving margin profile

Environmental, Social and Governance (ESG)

Together We Are Making A Difference for a Better Tomorrow

Environmental



Chihuahua, Mexico plant has held the Clean Industry Certification since 2015



Utica, New York plant is ISO 14001 certified



100% LED lighting at Utica and Chihuahua plants

Social



Partners with United Way and TEAMFund to serve communities globally where we do business



Over 90% of employees participated in the Gallup Q12 Employee Engagement Survey



Women make up 51% of our global workforce

Governance



33% gender diversity on Board of Directors



Committee Chair rotation every five years



100% Independent Standing Board Committee



Report posted on October 7, 2022.
View the report now on:
[**CONMED.com**](https://www.conmed.com)

Closing Thoughts

- Intense focus on solving unmet needs for healthcare customers drives increased market share
- Large and attractive markets provide CONMED with ample opportunities for above-average revenue and profitability growth
- Aggregating growth over the long term can drive meaningful shareholder value
- At CONMED, we are focused on doing things the right way and being good corporate citizens