



## ANALYST QUICK NOTES

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### Integra LifeSciences Holding Corp. (NGS: IART: BUY)

Target Price: \$58

David Toung

1/17/2017

- We reiterate our BUY rating on the IART stock and view any share-price pullback as an investment opportunity.
  - IART was -5.6% in the two sessions last week following its preliminary 4Q results showing a modest revenue shortfall for the quarter. The company still expects adjusted EPS for the quarter to be at or above the midpoint of the guidance range (\$1.73-\$1.77).
  - Our investment thesis in the stock remains intact and we continue to believe Integra has a very good growth story with its portfolio of tissue and skin-regeneration products and small-joint replacement implants.
  - Further, Integra announced an acquisition that will expand its portfolio of wound-care products, namely the acquisition of Derma Sciences. The acquisition adds \$56 million of annual revenue, and is expected to be \$0.03 dilutive in 2017 and accretive in 2018.
  - Among the assets added in the Derma Sciences acquisition is a wound-care product derived from amniotic tissue.
  - Key drivers for Integra's growth are:
    - The company is aggressively pursuing a worldwide addressable market for regenerative-tissue products that is \$5.9 billion in size.
    - It includes chronic wounds (diabetic foot ulcers), surgical wounds, burn and trauma cases, reconstructive (breast, abdomen and oncology reconstruction), and dural repair.
    - We think Integra has the most-comprehensive portfolio of regenerative products in the industry to go after these markets.
    - The company has expanded manufacturing capacity to serve direct customers and third-party customers.
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