



ANALYST QUICK NOTES

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Integra LifeSciences Holdings Corp. (NGS: IART: BUY)

Target Price: \$58

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- We see Integra as undervalued in the short term. The stock is down 3.7% year-to-date, compared to a gain of 7.6% for the healthcare sector and an increase of 5.1% for the S&P 500.
- There appears to be a negative market reaction to Integra's planned acquisition of Codman. However, we believe this reaction is short-sighted.
- Here is why we like the Codman acquisition. In purchasing Codman from J&J, Integra will acquire a key competitor in neurosurgery. Codman's products will expand Integra's own portfolio in neurosurgery, while also providing wider distribution and sales channels in overseas markets where Integra has been trying to expand. Codman will bring in 300 additional employees in the overseas sales organization.
- The deal will add to Integra's top-line growth and be accretive to EBITDA.
- Integra completed the Derma Sciences acquisition in March. This deal is expected to add about \$65 million in revenue in 2017.
- In short, we like Integra because of its strong growth prospects, ability to execute M&A deals that can "move the needle" on revenue and EPS, and attractive valuation.

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