

Teleflex Incorporated

Q1 2023
Earnings Conference Call

Teleflex®

Conference Call Logistics

The release, accompanying slides, and replay webcast are available online at **www.teleflex.com** (**click on Investors)**

An audio replay of the call will be available beginning at 11:00 am Eastern Time on May 4, 2023 either on the Teleflex website or by telephone.

The call can be accessed by dialing 1 866 813 9403 (U.S.) or +44 204 525 0658 (all other locations).

The confirmation code is 650329.

Today's Speakers

Liam Kelly
Chairman, President and CEO

Thomas Powell
Executive VP and CFO

Lawrence Keusch
VP, Investor Relations and Strategy Development

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Note on Forward-Looking Statements

This presentation contains forward-looking statements, including, but not limited to our expectations with respect to the commercial launch of certain products within our Interventional product category; our expectation that we will continue to execute on our strategy to drive durable growth with investment in organic growth opportunities, margin expansion, and seek to deploy capital for M&A; our forecasted 2023 GAAP and constant currency revenue growth, GAAP and adjusted gross and operating margins and GAAP and adjusted earnings per share and, in each case, our estimates with respect to the items expected to impact those forecasted results; and other matters which inherently involve risks and uncertainties which could cause actual results to differ from those projected or implied in the forward–looking statements. These risks and uncertainties are addressed in our SEC filings, including our most recent Form 10-K. We expressly disclaim any obligation to update forward-looking statements, except as otherwise specifically stated by us or as required by law or regulation.

Note on Non-GAAP Financial Measures

This presentation refers to certain non-GAAP financial measures, including, but not limited to, constant currency revenue growth, adjusted diluted earnings per share, adjusted gross and operating margins and adjusted tax rate. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Tables reconciling these non-GAAP financial measures to the most comparable GAAP financial measures are contained within this presentation and the appendices at the end of this presentation.

Additional Notes

This document contains certain highlights with respect to our first quarter 2023 and developments and does not purport to be a complete summary thereof. Accordingly, we encourage you to read our Earnings Release for the quarter ended April 2, 2023 located in the investor section of our website at www.teleflex.com and our Quarterly Report on Form 10-Q for the quarter ended April 2, 2023 to be filed with the Securities and Exchange Commission.

Unless otherwise noted, the following slides reflect continuing operations.

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Executive Overview

Liam Kelly - *Chairman, President and CEO*



Q1'23 Highlights

Q1 Performance Summary

- Q1'23 constant currency revenue grew 13.2% year-over-year, including five extra shipping days compared to the prior year period
- Q1'23 adjusted gross margin increased 100 bps and adjusted operating margin improved 10 bps year-over-year
- Q1'23 adjusted EPS of $3.09, a 7.3% increase year-over-year

2023 Financial Guidance

- Increased 2023 constant currency revenue growth guidance to 5.00% to 6.25%
- Reiterated 2023 adjusted earnings per share guidance of $13.00 to $13.60

Note: See tables appearing in this presentation and the appendices hereto for reconciliations of non-GAAP financial information.

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Q1'23 Segment Revenue Review

Dollars in Millions	Three Months Ended		% Increase/ Decrease		
	April 2, 2023	March 27, 2022	Reported Revenue Growth	Currency Impact	Constant Currency Growth
Americas	$411.9	$378.0	9.0%	(0.2)%	9.2%
EMEA	$143.3	$136.9	4.7%	(5.8)%	10.5%
Asia	$78.7	$69.2	13.8%	(9.0)%	22.8%
OEM	$77.0	$57.6	33.5%	(1.0)%	34.5%
Consolidated	**$710.9**	**$641.7**	**10.8%**	**(2.4)%**	**13.2%**

Q1'23 Global Product Category Revenue Review

Dollars in Millions	Three Months Ended		% Increase/ Decrease		
	April 2, 2023	March 27, 2022	Reported Revenue Growth	Currency Impact	Constant Currency Growth
Vascular Access	$177.7	$166.1	6.9%	(2.3)%	9.2%
Interventional	$116.9	$96.9	20.7%	(2.6)%	23.3%
Anesthesia	$93.3	$86.9	7.3%	(2.6)%	9.9%
Surgical	$99.0	$89.7	10.4%	(3.9)%	14.3%
Interventional Urology	$75.4	$74.9	0.6%	(0.3)%	0.9%
OEM	$77.0	$57.7	33.5%	(1.0)%	34.5%
Other[(1)]	$71.6	$69.5	3.1%	(3.3)%	6.4%
Consolidated	**$710.9**	**$641.7**	**10.8%**	**(2.4)%**	**13.2%**

(1) Includes revenues generated from the Company's respiratory and urology products (other than interventional urology products), and products sold to Medline pursuant to the manufacturing and supply transition agreement executed in June of 2021.

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Clinical and Commercial Updates

Expanding Titan SGS® Stapler portfolio

- Supply agreement with W.L. Gore & Associates, Inc. to use GORE® SEAMGUARD® Bioabsorbable Staple Line Reinforcement buttress material with the Titan SGS® Stapler
- GORE® SEAMGUARD® Bioabsorbabale Staple Line Reinforcement is a synthetic buttressing material engineered to reduce leaks and bleeding and strengthen the staple line

QuikClot Control+® Hemostatic Device Label Expansion

- Received FDA clearance for temporary control of mild and moderate bleeding in cardiac surgical procedures and to control bone surface bleeding following a sternotomy
- Enables device utilization across a wider patient population and breadth of surgical procedures

New Interventional product activity

- GuideLiner® Coast™ Catheter launch; Triumph™ Catheter launch Q2 2023
- Expanding structural heart portfolio with recent Langston® Dual Lumen Catheter launch; Wattson® Temporary Pacing Guidewire upcoming





Note: GORE and SEAMGUARD are trademarks of W.L. Gore & Associates, Inc.

CAUTION: Federal (USA) law restricts these devices to sale or use by or on the order of a physician. Refer to the Instructions for Use for a complete listing of the indications, contraindications, warnings, and precautions.

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Clinical and Commercial Updates

Launched new devices to enhance PICC insertion procedures

- Next-generation Arrow® VPS Rhythm® DLX Device provides real-time PICC catheter tip location information using patient's cardiac electrical activity. Optional integrated ultrasound is available to assist with vascular access
- The VPS Rhythm® DLX Device with TipTacker™ Technology eliminates the need for confirmatory x-ray
- The new Arrow® PICC preloaded with the NaviCurve™ Stylet features an anatomical curve and flexible tip that are designed to self-orient to patient anatomy for enhanced PICC advancement into the superior vena cava for successful insertion

CAUTION: Federal (USA) law restricts these devices to sale or use by or on the order of a physician. Refer to the Instructions for Use for a complete listing of the indications, contraindications, warnings, and precautions.

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Financial Overview

Thomas Powell - *Executive VP and CFO*



Q1'23 Financial Review

Global revenue growth

- Revenue increased 10.8% year-over-year on a GAAP basis
- Revenue increased 13.2% year-over-year on a constant currency basis

Gross margin

- GAAP gross margin of 55.1% vs. 54.0% in the prior year period
- Adjusted gross margin of 59.4%, up 100 bps year-over-year

Operating margin

- GAAP operating margin of 16.2% vs. 16.1% in prior year period
- Adjusted operating margin of 25.8%, up 10 bps year-over-year

Effective tax rate

- GAAP tax rate of 20.7% vs. 17.1% in prior year period
- Adjusted tax rate of 11.8% vs. 11.9% in prior year period

Earnings per share

- GAAP EPS of $1.63 in both current and prior year period
- Adjusted EPS of $3.09, up 7.3% year-over-year

Note: See appendices for reconciliations of non-GAAP financial information.

2023 Financial Guidance Summary

2023 Guidance	Low	High
GAAP Revenue Growth	4.65%	5.90%
Impact of Foreign Exchange Rate Fluctuations	(0.35)%	(0.35)%
Constant Currency Revenue Growth (1)	5.00%	6.25%
Adjusted Gross Margin	59.00%	59.50%
Adjusted Operating Margin	26.00%	26.75%
Adjusted EPS	$13.00	$13.60
Adjusted EPS % Growth	(0.5)%	4.1%

(1) Constant currency revenue growth includes a 0.2% headwind for the expected decrease in MSTA revenue associated with our prior divestiture of respiratory assets.

Note: See appendices for reconciliations of non-GAAP financial information.

Key Takeaways

Q1 results reflect a continuation of momentum exiting 2022 with a solid revenue performance, stability of our diversified product portfolio, and healthy margins

Solid start to the year keeps us well-positioned to deliver on our financial guidance for 2023

Will continue to execute on our strategy to drive durable growth with investment in organic growth opportunities, margin expansion, and seek to deploy capital for M&A

Thank You

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Appendices



Non-GAAP Financial Measures

The presentation to which these appendices are attached and the following appendices include, among other things, tables reconciling the following applicable non-GAAP financial measures to the most comparable GAAP financial measure:

- ***Constant currency revenue growth.*** This non-GAAP measure is based upon net revenues, adjusted to eliminate the impact of translating the results of international subsidiaries at different currency exchange rates from period to period. The impact of changes in foreign currency may vary significantly from period to period, and generally are outside of the control of our management. We believe that this measure facilitates a comparison of our operating performance exclusive of currency exchange rate fluctuations that do not reflect our underlying performance or business trends.
- ***Adjusted diluted earnings per share.*** This non-GAAP measure is based upon diluted earnings per share from continuing operations, the most directly comparable GAAP measure, adjusted to exclude, depending on the period presented, the impact of (i) restructuring, restructuring related and impairment items; (ii) acquisition, integration and divestiture related items; (iii) "other items" identified in note (C) to the reconciliation tables appearing in Appendices A1 and A2, as applicable; (iv) costs incurred in connection with our implementation of a new global ERP solution and related IT transition costs; (v) certain costs associated with the registration of medical devices under the European Union Medical Device Regulation; (vi) intangible amortization expense; and (vii) tax adjustments. Management does not believe that any of the excluded items are indicative of our underlying core performance or business trends.
- ***Adjusted gross profit and margin.*** These measures exclude, depending on the period presented, the impacts of (i) restructuring, restructuring related and impairment items, (ii) acquisition, integration and divestiture related items and (iii) "other items" identified in note (C) to the reconciliation tables appearing in Appendices A1 and A2, as applicable.
- ***Adjusted operating profit and margin.*** These measures exclude, depending on the period presented, the impact of (i) restructuring, restructuring related and impairment items; (ii) acquisitions, integration and divestiture related items; (iii) "other items" identified in note (C) to the reconciliation tables appearing in Appendices A1 and A2, as applicable; (iv) costs incurred in connection with our implementation of a new global ERP solution and related IT transition costs; (v) intangible amortization expense; and (vi) certain costs associated with the registration of medical devices under the European Union Medical Device Regulation.
- ***Adjusted tax rate.*** This measure is the percentage of the Company's adjusted taxes on income from continuing operations to its adjusted income from continuing operations before taxes. Adjusted taxes on income from continuing operations excludes, depending on the period presented, the impact of tax benefits or costs associated with (i) restructuring, restructuring related and impairment items; (ii) acquisition, integration and divestiture related items; (iii) "other items" identified in note (C) to the reconciliation tables appearing in Appendices A1 and A2, as applicable; (iv) costs incurred in connection with our implementation of a new global ERP solution and related IT transition costs; (v) certain costs associated with the registration of medical devices under the European Union Medical Device Regulation; (vi) intangible amortization expense; and (vii) tax adjustments.

Non-GAAP Adjustments

The following is an explanation of certain of the adjustments that are applied with respect to one or more of the non-GAAP financial measures that appear in the presentation to which these appendices are attached:

Restructuring, restructuring related and impairment items - Restructuring programs involve discrete initiatives designed to, among other things, consolidate or relocate manufacturing, administrative and other facilities, outsource distribution operations, improve operating efficiencies and integrate acquired businesses. Depending on the specific restructuring program involved, our restructuring charges may include employee termination, contract termination, facility closure, employee relocation, equipment relocation, outplacement and other exit costs associated with the restructuring program. Restructuring related charges are directly related to our restructuring programs and consist of facility consolidation costs, including accelerated depreciation expense related to facility closures, costs to transfer manufacturing operations between locations, and retention bonuses offered to certain employees as an incentive for them to remain with our company after completion of the restructuring program. Impairment charges occur if, due to events or changes in circumstances, we determine that the carrying value of an asset exceeds its fair value. Impairment charges do not directly affect our liquidity, but could have a material adverse effect on our reported financial results.

Acquisition, integration and divestiture related items - Acquisition and integration expenses are incremental charges, other than restructuring or restructuring related expenses, that are directly related to specific business or asset acquisition transactions. These charges may include, among other things, professional, consulting and other fees; systems integration costs; legal entity restructuring expense; inventory step-up amortization (amortization, through cost of goods sold, of the increase in fair value of inventory resulting from a fair value calculation as of the acquisition date); fair value adjustments to contingent consideration liabilities; and bridge loan facility and backstop financing fees in connection with loan facilities that ultimately were not utilized. Divestiture related activities involve specific business or asset sales. Depending primarily on the terms of a divestiture transaction, the carrying value of the divested business or assets on our financial statements and other costs we incur as a direct result of the divestiture transaction, we may recognize a gain or loss in connection with the divestiture related activities.

Other items - These are discrete items that occur sporadically and can affect period-to-period comparisons.

European medical device regulation - The European Union (“EU”) has adopted the EU Medical Device Regulation (“MDR”), which replaces the existing Medical Devices Directive (“MDD”) and imposes more stringent requirements for the marketing and sale of medical devices in the EU, including requirements affecting clinical evaluations, quality systems and post-market surveillance. Manufacturers of currently marketed medical devices had until May 2020 to meet the MDR requirements, although certain devices that previously satisfied MDD requirements can continue to be placed on the EU market until May 2024, subject to certain limitations. Significantly, the MDR will require the re-registration of previously approved medical devices. As a result, Teleflex will incur expenditures in connection with the new registration of medical devices that previously had been registered under the MDD. Therefore, these expenditures are not considered to be ordinary course expenditures in connection with regulatory matters (in contrast, no adjustment has been made to exclude expenditures related to the registration of medical devices that were not registered previously under the MDD).

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Non-GAAP Adjustments

Intangible amortization expense - Certain intangible assets, including customer relationships, intellectual property, distribution rights, trade names and non-competition agreements, initially are recorded at historical cost and then amortized over their respective estimated useful lives. The amount of such amortization can vary from period to period as a result of, among other things, business or asset acquisitions or dispositions.

ERP implementation - These adjustments represent direct and incremental costs incurred in connection with our implementation of a new global enterprise resource planning ("ERP") solution and related IT transition costs. An implementation of this scale is a significant undertaking and will require substantial time and attention of management and key employees. The associated costs do not represent normal and recurring operating expenses and will be inconsistent in amounts and frequency making it difficult to contribute to a meaningful evaluation of our operating performance.

Tax adjustments - These adjustments represent the impact of the expiration of applicable statutes of limitations for prior year returns, the resolution of audits, the filing of amended returns with respect to prior tax years and/or tax law or certain other discrete changes affecting our deferred tax liability.

Appendix A1 – *Reconciliation of Consolidated Statement of Income Items (Dollars in millions, except per share data)*

Three Months Ended April 2, 2023

	Gross margin	Selling, general and administrative expenses (1)	Research and development expenses (1)	Operating margin (2)	Income before income taxes	Income tax expense	Effective income tax rate	Diluted earnings per share from continuing operations
GAAP Basis	55.1%	32.7%	5.8%	16.2%	$97.5	$20.2	20.7%	$1.63
Adjustments								
Restructuring, restructuring related and impairment items (A)	1.2	—	(0.2)	1.7	12.0	1.8		0.22
Acquisition, integration and divestiture related items (B)	—	(0.4)	—	0.4	3.1	0.1		0.06
Other items	—	—	—	—	—	—		—
ERP Implementation	—	(0.2)	—	0.2	1.2	0.3		0.02
MDR	—	—	(1.4)	1.5	10.3	—		0.22
Intangible amortization expense	3.1	(2.6)	—	5.8	41.6	2.0		0.84
Tax adjustments	—	—	—	—	—	(4.8)		0.10
Adjustments total	4.3	(3.2)	(1.6)	9.6	68.2	(0.6)		1.46
Adjusted basis	**59.4%**	**29.5%**	**4.2%**	**25.8%**	**$165.7**	**$19.6**	**11.8%**	**$3.09**

Notes: (1) Selling, general and administrative expenses and research and development expenses are shown as a percentage of net revenues. (2) Operating margin defined as Income from continuing operations before interest, loss on extinguishment of debt and taxes as a percentage of net revenues.

See slide titled Non-GAAP Adjustments included at the beginning of the appendices to this presentation for Non-GAAP definitions. Totals may not sum due to rounding.

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Appendix A2 – *Reconciliation of Consolidated Statement of Income Items (Dollars in millions, except per share data)*

Three Months Ended March 27, 2022

	Gross margin	Selling, general and administrative expenses (1)	Research and development expenses (1)	Operating margin (2)	Income before income taxes	Income tax expense	Effective income tax rate	Diluted earnings per share from continuing operations
GAAP Basis	54.0%	31.8%	5.7%	16.1%	$93.3	$16.0	17.1%	$1.63
Adjustments								
Restructuring, restructuring related and impairment items (A)	1.0	—	—	1.4	8.8	1.1		0.16
Acquisition, integration and divestiture related items (B)	—	—	—	—	0.2	(0.1)		0.01
Other items	—	—	—	—	—	—		0.00
ERP Implementation	—	—	—	—	—	—		0.00
MDR	—	—	(1.9)	1.9	12.1	—		0.25
Intangible amortization expense	3.4	(3.0)	—	6.3	40.6	1.4		0.83
Tax adjustments	—	—	—	—	—	—		0.00
Adjustments total	4.4	(3.0)	(1.9)	9.6	61.7	2.4		1.25
Adjusted basis	**58.4%**	**28.8%**	**3.8%**	**25.7%**	**$155.0**	**$18.4**	**11.9%**	**$2.88**

Notes: (1) Selling, general and administrative expenses and research and development expenses are shown as a percentage of net revenues. (2) Operating margin defined as Income from continuing operations before interest, loss on extinguishment of debt and taxes as a percentage of net revenues.

See slide titled Non-GAAP Adjustments included at the beginning of the appendices to this presentation for Non-GAAP definitions. Totals may not sum due to rounding.

Appendix A tickmarks

(A) Restructuring, restructuring related and impairment items – For the three months ended April 2, 2023, pre-tax restructuring charges were $2.2 million and restructuring related charges were $9.8 million. For the three months ended March 27, 2022, pre-tax restructuring charges were $0.9 million, restructuring related charges were $6.4 million, and impairment charges were $1.5 million.

(B) Acquisition, integration and divestiture related items – For the three months ended April 2, 2023, these charges related to the acquisition of Standard Bariatrics, Inc. For the three months ended March 27, 2022, these charges related to the Z-Medica, LLC acquisition.

Appendix B - 2023 Adj. Gross and Operating Margin Guidance Reconciliation

	Low	High
Forecasted GAAP Gross Margin	55.10%	55.60%
Estimated restructuring, restructuring related and impairment items	0.80%	0.80%
Estimated acquisition, integration, and divestiture related items	—%	—%
Estimated intangible amortization expense	3.10%	3.10%
Forecasted Adjusted Gross Margin	59.00%	59.50%

	Low	High
Forecasted GAAP Operating Margin	17.90%	18.65%
Estimated restructuring, restructuring related and impairment items	1.00%	1.00%
Estimated acquisition, integration, and divestiture related items	0.40%	0.40%
Estimated other items	—%	—%
Estimated ERP implementation	0.10%	0.10%
Estimated MDR	1.00%	1.00%
Estimated intangible amortization expense	5.60%	5.60%
Forecasted Adjusted Operating Margin	26.00%	26.75%

Appendix C – Reconciliation of 2023 Adjusted Earnings Per Share Guidance

	Low	High
Forecasted GAAP Diluted Earnings Per Share from continuing operations	$8.14	$8.74
Estimated restructuring, restructuring related and impairment items, net of tax	$0.60	$0.60
Estimated acquisition, integration, and divestiture related items, net of tax	$0.19	$0.19
Estimated other items, net of tax	$0.10	$0.10
Estimated ERP implementation	$0.05	$0.05
Estimated MDR, net of tax	$0.61	$0.61
Estimated intangible amortization expense, net of tax	$3.31	$3.31
Forecasted Adjusted Diluted Earnings Per Share from continuing operations, net of tax	$13.00	$13.60