



Teleflex Reports Third Quarter 2020 Results

October 29, 2020

Third Quarter Revenues of \$628.3 million, down 3.1% versus Prior Year Period on an As-Reported basis; down 4.1% on a Constant Currency basis

Third Quarter GAAP Diluted EPS from Continuing Operations of \$2.46, Compared to \$4.85 in the Prior Year Period

Third Quarter Adjusted Diluted EPS from Continuing Operations of \$2.77, down 6.7% Versus Prior Year Period

Not Reinstating 2020 Financial Guidance due to COVID-19 Pandemic

WAYNE, Pa., Oct. 29, 2020 (GLOBE NEWSWIRE) -- Teleflex Incorporated (NYSE: TFX) (the "Company") today announced financial results for the third quarter ended September 27, 2020.

Third quarter 2020 net revenues were \$628.3 million, a decrease of 3.1% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 4.1% over the year ago period. The Company estimates that COVID-19 had a net negative impact to revenue of approximately \$78 million, or 12%.

Third quarter 2020 GAAP earnings per share from continuing operations decreased 49.3% to \$2.46, compared to \$4.85 in the prior year period. Third quarter 2020 adjusted diluted earnings per share from continuing operations decreased 6.7% to \$2.77, compared to \$2.97 in the prior year period.

Liam Kelly, Chairman, President and Chief Executive Officer, said, "Our third quarter results reflect improving trends across many of our global product categories, led by a faster-than-expected recovery within our Interventional Urology business, and continued strength within our Vascular Access product sales. From a regional perspective, we saw particular strength within the Americas, as the pace of recovery in the United States during the third quarter was encouraging."

Mr. Kelly continued, "In addition to the significant sequential improvement in our constant currency revenue performance, we also saw a significant improvement within our adjusted gross and operating margins, as well as our adjusted earnings per share, as compared to the second quarter of the year. And while we are not reinstating full year 2020 financial guidance, we continue to believe that we will see continued sequential improvement during the fourth quarter of the year as compared to our third quarter 2020 results."

Mr. Kelly concluded, "Lastly, I am pleased to announce that during October we signed a definitive agreement to acquire Z-Medica, LLC, a market leader in hemostatic products. We are excited about this acquisition, given Z-Medica's revenue growth, gross and operating margin profile, all of which are above our average, and our expectation that the acquisition will be accretive to our adjusted earnings per share in 2021."

NET REVENUE BY SEGMENT

The following tables and commentary provide information regarding net revenues in each of the Company's reportable operating segments for the three and nine months ended September 29, 2019 and September 27, 2020 on both a GAAP and constant currency basis. The discussion below the tables of the principal factors behind changes in net revenues for the three months ended September 27, 2020 as compared to the prior year period applies to both GAAP revenue and constant currency revenue, although GAAP revenue also was affected by foreign currency exchange rate fluctuations, as indicated in the "Currency Impact" column of the table.

	Three Months Ended		% Increase / (Decrease)		
	September 27, 2020	September 29, 2019	Total Sales Growth	Currency Impact	Constant Currency Revenue Growth
Americas	\$ 375.0	\$ 374.5	0.1%	(0.3)%	0.4%
EMEA	135.7	140.5	(3.5)%	3.5%	(7.0)%
Asia	68.2	77.9	(12.4)%	1.8%	(14.2)%
OEM	49.4	55.4	(10.9)%	0.9%	(11.8)%
Total	\$ 628.3	\$ 648.3	(3.1)%	1.0%	(4.1)%

	Nine Months Ended		% Increase / (Decrease)		
	September 27, 2020	September 29, 2019	Total Sales Growth	Currency Impact	Constant Currency Revenue Growth
Americas	\$ 1,045.6	\$ 1,092.3	(4.3)%	(0.3)%	(4.0)%

EMEA	423.4	442.1	(4.2)%	(0.6)%	(3.6)%
Asia	188.4	213.9	(11.9)%	(1.3)%	(10.6)%
OEM	168.6	166.1	1.5%	—%	1.5%
Total	\$ 1,826.0	\$ 1,914.4	(4.6)%	(0.4)%	(4.2)%

Americas third quarter 2020 net revenues were \$375.0 million, an increase of 0.1% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues increased 0.4% compared to the prior year period. The increase in constant currency revenue was primarily attributable to price increases and an increase in new product sales, partially offset by a net decrease in sales volumes of existing products caused by the COVID-19 pandemic. We estimate that COVID-19 had a negative impact to revenue of approximately \$34 million, or 9%.

EMEA third quarter 2020 net revenues were \$135.7 million, a decrease of 3.5% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 7.0% compared to the prior year period. The decrease in constant currency revenue was primarily attributable to a net decrease in sales volumes of existing products caused by the COVID-19 pandemic. We estimate that COVID-19 had a negative impact to revenue of approximately \$6 million, or 4%.

Asia third quarter 2020 net revenues were \$68.2 million, a decrease of 12.4% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 14.2% compared to the prior year period. The decrease in constant currency revenue was primarily attributable to a net decrease in sales volumes of existing products caused by the COVID-19 pandemic. We estimate that COVID-19 had a negative impact to revenue of approximately \$16 million, or 21%.

OEM third quarter 2020 net revenues were \$49.4 million, a decrease of 10.9% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 11.8% compared to the prior year period. The decrease in constant currency revenue was primarily attributable to a decrease in sales volumes of existing products caused by the COVID-19 pandemic, partially offset by net revenues generated by the acquisition of IWG High Performance Conductors, Inc. (HPC). We estimate that COVID-19 had a negative impact to revenue of approximately \$22 million, or 40%.

NET REVENUE BY GLOBAL PRODUCT CATEGORY

The following tables and commentary provide information regarding net revenues in each of the Company's global product categories for the three months and nine months ended September 29, 2019 and September 27, 2020 on both a GAAP and constant currency basis.

	Three Months Ended		% Increase / (Decrease)		
	September 27, 2020	September 29, 2019	Total Revenue Growth	Currency Impact	Constant Currency Revenue Growth
Vascular Access	\$ 160.0	\$ 148.7	7.6%	0.8%	6.8%
Interventional	93.2	106.9	(12.8)%	0.7%	(13.5)%
Anesthesia	75.7	87.1	(13.2)%	1.2%	(14.4)%
Surgical	82.2	92.6	(11.2)%	1.1%	(12.3)%
Interventional Urology	81.8	73.6	11.1%	0.1%	11.0%
OEM	49.4	55.4	(10.9)%	0.9%	(11.8)%
Other	86.0	83.9	2.5%	2.0%	0.5%
Total	\$ 628.3	\$ 648.3	(3.1)%	1.0%	(4.1)%

	Nine Months Ended		% Increase / (Decrease)		
	September 27, 2020	September 29, 2019	Total Revenue Growth	Currency Impact	Constant Currency Revenue Growth
Vascular Access	\$ 475.3	\$ 446.2	6.5%	(0.6)%	7.1%
Interventional	275.7	314.9	(12.4)%	(0.3)%	(12.1)%
Anesthesia	216.2	253.1	(14.6)%	(0.6)%	(14.0)%
Surgical	224.9	274.9	(18.2)%	(0.6)%	(17.6)%
Interventional Urology	196.1	201.3	(2.6)%	—%	(2.6)%
OEM	168.6	166.1	1.5%	—%	1.5%
Other	269.2	257.9	4.4%	(0.6)%	5.0%
Total	\$ 1,826.0	\$ 1,914.4	(4.6)%	(0.4)%	(4.2)%

Third quarter 2020 net revenues from sales of Vascular Access products were \$160.0 million, an increase of 7.6% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues increased 6.8% compared to the prior year period. We estimate that COVID-19 had a net positive impact to revenue of approximately \$2 million, or 1%.

Third quarter 2020 net revenues from sales of Interventional products were \$93.2 million, a decrease of 12.8% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 13.5% compared to the prior year period. We estimate that COVID-19 had a negative impact to revenue of approximately \$17 million, or 16%.

Third quarter 2020 net revenues from sales of Anesthesia products were \$75.7 million, a decrease of 13.2% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 14.4% compared to the prior year period. We estimate that COVID-19 had a negative impact to revenue of approximately \$9 million, or 10%.

Third quarter 2020 net revenues from sales of Surgical products were \$82.2 million, a decrease of 11.2% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 12.3% compared to the prior year period. We estimate that COVID-19 had a negative impact to revenue of approximately \$12 million, or 13%.

Third quarter 2020 net revenues from sales of Interventional Urology products were \$81.8 million, an increase of 11.1% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues increased 11.0% compared to the prior year period. We estimate that COVID-19 had a negative impact to revenue of approximately \$21 million, or 29%.

Third quarter 2020 net revenues from sales of OEM products were \$49.4 million, a decrease of 10.9% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues decreased 11.8% compared to the prior year period. We estimate that COVID-19 had a negative impact to revenue of approximately \$22 million, or 40%.

Third quarter 2020 net revenues from sales of other products were \$86.0 million, an increase of 2.5% compared to the prior year period. Excluding the impact of foreign currency exchange rate fluctuations, third quarter 2020 net revenues increased 0.5% compared to the prior year period. We estimate that COVID-19 had a positive impact to revenue of approximately \$1 million, or 1%.

OTHER FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE METRICS

Depreciation expense, amortization of intangible assets and deferred financing charges for the nine months ended September 27, 2020 totaled \$173.2 million compared to \$163.3 million for the nine months ended September 29, 2019.

Cash and cash equivalents at September 27, 2020 were \$347.5 million compared to \$301.1 million at December 31, 2019.

Net accounts receivable at September 27, 2020 were \$390.5 million compared to \$418.7 million at December 31, 2019.

Net inventories at September 27, 2020 were \$526.1 million compared to \$476.6 million at December 31, 2019.

CONFERENCE CALL WEBCAST AND ADDITIONAL INFORMATION

As previously announced, Teleflex will comment on its financial results on a conference call to be held today at 8:00 a.m. (ET). The call will be available live and archived on the Company's website at www.teleflex.com and the accompanying presentation will be posted prior to the call. An audio replay will be available until November 3, 2020 at 11:00am (ET), by calling 855-859-2056 (U.S./Canada) or 404-537-3406 (International), Passcode: 4987865.

ADDITIONAL NOTES

References in this release to the impact of foreign currency exchange rate fluctuations on adjusted diluted earnings per share include both the impact of translating foreign currencies into U.S. dollars and the impact of foreign currency exchange rate fluctuations on foreign currency denominated transactions.

In the discussion of segment results, "new products" refers to products for which we initiated commercial sales within the past 36 months and "existing products" refers to products we have sold commercially for more than 36 months.

Certain financial information is presented on a rounded basis, which may cause minor differences. Segment results and commentary exclude the impact of discontinued operations.

NOTES ON NON-GAAP FINANCIAL MEASURES

We report our financial results in accordance with accounting principles generally accepted in the United States, commonly referred to as "GAAP." In this press release, we provide supplemental information, consisting of the following non-GAAP financial measures: constant currency revenue growth and adjusted diluted earnings per share. These non-GAAP measures are described in more detail below. Management uses these financial measures to assess Teleflex's financial performance, make operating decisions, allocate financial resources, provide guidance on possible future results, and assist in its evaluation of period-to-period and peer comparisons. The non-GAAP measures may be useful to investors because they provide insight into management's assessment of our business, and provide supplemental information pertinent to a comparison of period-to-period results of our ongoing operations. The non-GAAP financial measures are presented in addition to results presented in accordance with GAAP and should not be relied upon as a substitute for GAAP financial measures. Moreover, our non-GAAP financial measures may not be comparable to similarly titled measures used by other companies.

Tables reconciling changes in historical constant currency net revenues to historical GAAP net revenues are set forth above under "Net Revenue by Segment" and "Net Revenue by Global Product Category". Tables reconciling historical adjusted diluted earnings per share from continuing operations to historical GAAP diluted earnings per share from continuing operations are set forth below.

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 such changes 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 items described below. Management does not believe that any of the excluded items are indicative of our underlying core performance or business trends.

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. See footnote C to the reconciliation tables set forth below.

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 will have until May 2024 to meet the MDR requirements, although certain devices that previously satisfied MDD requirements can continue to be marketed in the EU 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).

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.

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.

RECONCILIATION OF CONSOLIDATED STATEMENT OF INCOME ITEMS

Dollars in millions, except per share amounts

Quarter Ended - September 27, 2020

	Cost of goods sold	Selling, general and administrative expenses	Research and development expenses	Restructuring and impairment charges	(Gain)/Loss on sale of business and assets	Income taxes	Income (loss) from continuing operations	Diluted earnings per share from continuing operations
GAAP Basis	\$ 299.0	\$ 171.7	\$ 29.2	\$ (3.7)	\$ —	\$ (1.0)	\$ 116.6	\$ 2.46
Adjustments								
Restructuring, restructuring related and impairment items (A)	7.5	0.2	—	(3.7)	—	(0.5)	4.6	\$ 0.10

Acquisition, integration and divestiture related items (B)	1.6	(23.4)	—	—	—	0.1	(21.9)	\$	(0.46)
Other items (C)	—	0.2	—	—	—	0.0	0.2	\$	0.00
MDR (D)	—	—	3.0	—	—	0.0	3.0	\$	0.06
Intangible amortization expense (E)	21.2	18.7	0.1	—	—	6.3	33.7	\$	0.71
Tax adjustments	—	—	—	—	—	4.9	(4.9)	\$	(0.10)
Adjusted basis	\$ 268.7	\$ 175.9	\$ 26.1	\$ —	\$ —	\$ 9.9	\$ 131.2	\$	2.77

RECONCILIATION OF CONSOLIDATED STATEMENT OF INCOME ITEMS

Dollars in millions, except per share amounts

Quarter Ended - September 29, 2019

	Cost of goods sold	Selling, general and administrative expenses	Research and development expenses	Restructuring and impairment charges	(Gain)/Loss on sale of business and assets	Income taxes	Income (loss) from continuing operations	Diluted earnings per share from continuing operations
GAAP Basis	\$ 293.2	\$ 209.3	\$ 28.0	\$ 1.3	\$ (1.1)	\$ (130.4)	\$ 228.9	\$ 4.85
Adjustments								
Restructuring, restructuring related and impairment items (A)	4.3	—	—	1.3	—	0.7	4.9	\$ 0.10
Acquisition, integration and divestiture related items (B)	0.1	15.6	—	—	(1.1)	—	14.7	\$ 0.31
Other items (C)	—	(0.9)	—	—	—	(0.2)	(0.7)	\$ (0.01)
MDR (D)	—	—	1.0	—	—	—	1.0	\$ 0.02
Intangible amortization expense (E)	20.6	16.7	0.1	—	—	7.6	29.8	\$ 0.63
Tax adjustments	—	—	—	—	—	138.4	(138.4)	\$ (2.93)
Adjusted basis	\$ 268.3	\$ 177.9	\$ 26.8	\$ —	\$ —	\$ 16.0	\$ 140.2	\$ 2.97

A. **Restructuring, restructuring related and impairment items** - For the three months ended September 27, 2020, pre-tax restructuring credits were \$3.7million, pre-tax restructuring related charges were \$7.7 million; and there were no pre-tax impairment charges. For the three months ended September 29, 2019, pre-tax restructuring charges were \$1.3 million, pre-tax restructuring related charges were \$4.3 million; and there were no pre-tax impairment charges.

B. **Acquisition, integration and divestiture related items** - For the three months ended September 27, 2020, these items primarily related to contingent consideration liabilities; reversal of previously recognized income related to a distributor conversion in Japan; and charges primarily related to our acquisition of Z-Medica, LLC. For the three months ended September 29, 2019, these charges primarily related to contingent consideration liabilities; and our acquisition of Essential Medical, Inc., partially offset by the gain on sale of an asset. There were no divestiture related activities for the three

Restructuring, restructuring related and impairment items (A)	10.9	—	—	20.3	—	4.1	27.3	\$	0.58
Acquisition, integration and divestiture related items (B)	0.1	41.8	—	—	(3.8)	(1.9)	40.0	\$	0.85
Other items (C)	—	1.5	—	—	—	0.4	1.2	\$	0.03
MDR (D)	—	—	1.6	—	—	—	1.6	\$	0.03
Intangible amortization expense (E)	62.1	50.3	0.3	—	—	23.0	89.6	\$	1.91
Tax adjustments	—	—	—	—	—	143.6	(143.6)	\$	(3.05)
Adjusted basis	\$ 810.1	\$ 538.0	\$ 80.7	\$ —	\$ —	\$ 53.6	\$ 370.3	\$	7.87

- A. **Restructuring, restructuring related and impairment items** - For the nine months ended September 27, 2020, pre-tax restructuring charges were \$16.7 million, pre-tax restructuring related charges were \$19.2 million; and there were no pre-tax impairment charges. For the nine months ended September 29, 2019, pre-tax restructuring charges \$13.4 million, pre-tax restructuring related charges were \$11.0 million, and pre-tax impairment charges were \$6.9 million.
- B. **Acquisition, integration and divestiture related items** - For the nine months ended September 27, 2020, these items primarily related to the reversal of contingent consideration liabilities, partially offset by charges primarily related to our acquisitions of HPC and Z-Medica, LLC and the reversal of previously recognized income related to a distributor conversion in Japan. For the nine months ended September 29, 2019, these charges primarily related to contingent consideration liabilities and our acquisition of Essential Medical, Inc., partially offset by the gain on sale of a business and another asset. There were no divestiture related activities for the nine months ended September 27, 2020 or September 29, 2019.
- C. **Other items** - For the nine months ended September 27, 2020, other items included expenses associated with prior year tax matters. For the nine months ended September 29, 2019, other items included debt modification costs, expenses associated with a franchise tax audit, and product relabeling costs, somewhat offset by a credit associated with an insurance settlement.
- D. **MDR** - These costs were associated with our efforts to comply with the European Medical Device Regulation.
- E. **Intangible amortization expense** - For the nine months ended September 27, 2020 and September 29, 2019, we reclassified intangible asset amortization expense of \$63.2 million and \$62.1 million, respectively, from selling, general and administrative expenses to cost of goods sold.

ABOUT TELEFLEX INCORPORATED

Teleflex is a global provider of medical technologies designed to improve the health and quality of people's lives. We apply purpose driven innovation - a relentless pursuit of identifying unmet clinical needs - to benefit patients and healthcare providers. Our portfolio is diverse, with solutions in the fields of vascular access, interventional cardiology and radiology, anesthesia, emergency medicine, surgical, urology and respiratory care. Teleflex employees worldwide are united in the understanding that what we do every day makes a difference. For more information, please visit teleflex.com.

Teleflex is the home of Arrow[®], Deknatel[®], Hudson RCI[®], LMA[®], Pilling[®], Rusch[®], UroLift[®], and Weck[®] - trusted brands united by a common sense of purpose.

CAUTION CONCERNING FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements, including, but not limited to, our belief that we will see sequential improvement in our financial results during the fourth quarter of 2020 as compared to our results for the third quarter of 2020; and our expectation that our acquisition of Z-Medica will be accretive to our adjusted earnings per share in 2021. Actual results could differ materially from those in the forward-looking statements due to, among other things, the adverse economic conditions associated with the COVID-19 global health pandemic and the associated financial crisis, stay-at-home and other orders, which may significantly reduce customer spending and which may have a negative impact on the Company's business, changes in business relationships with and purchases by or from major customers or suppliers; delays or cancellations in shipments; demand for and market acceptance of new and existing products; our inability to provide products to our customers, which may be due to, among other things, events that impact key distributors, suppliers and third-party vendors that sterilize our products; our inability to integrate acquired businesses into our operations, realize planned synergies and operate such businesses profitably in accordance with our expectations; the inability of acquired businesses to generate revenues in accordance with our expectations; our inability to effectively execute our restructuring plans and programs; our inability to realize anticipated savings from restructuring plans and programs; risks related to our acquisition of Z-Medica, including among other items, the possibility the acquisition does not close, unanticipated costs and length of time required to comply with legal requirements and regulatory approvals applicable to the transaction, unanticipated difficulties and expenditures in connection with integration programs, customer and

shareholder reaction to the transaction, unknown liabilities and the risk of regulatory actions related to the proposed acquisition; the impact of healthcare reform legislation and proposals to amend, replace or repeal the legislation; changes in Medicare, Medicaid and third party coverage and reimbursements; the impact of enacted tax legislation and related regulations; competitive market conditions and resulting effects on revenues and pricing; increases in raw material costs that cannot be recovered in product pricing; global economic factors, including currency exchange rates, interest rates, trade disputes, sovereign debt issues and the impact of the United Kingdom's departure from the European Union, commonly known as "Brexit"; public health epidemics; difficulties in entering new markets; general economic conditions; and other factors described or incorporated in our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on 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.

TELEFLEX INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
	(Dollars and shares in thousands, except per share)			
Net revenues	\$ 628,301	\$ 648,319	\$ 1,825,977	\$ 1,914,410
Cost of goods sold	298,977	293,244	884,657	883,127
Gross profit	329,324	355,075	941,320	1,031,283
Selling, general and administrative expenses	171,673	209,291	510,662	631,712
Research and development expenses	29,218	27,984	85,978	82,729
Restructuring and impairment (credits) charges	(3,659)	1,268	16,692	20,348
Gain on sale of assets	—	(1,089)	—	(3,828)
Income from continuing operations before interest and taxes	132,092	117,621	327,988	300,322
Interest expense	16,652	19,545	47,773	62,995
Interest income	(214)	(470)	(956)	(1,281)
Income from continuing operations before taxes	115,654	98,546	281,171	238,608
(Benefit) taxes on income from continuing operations	(951)	(130,383)	21,971	(115,567)
Income from continuing operations	116,605	228,929	259,200	354,175
Operating loss from discontinued operations	(29)	(9)	(11)	(1,291)
Tax benefit on operating loss from discontinued operations	(11)	(9)	(4)	(317)
Loss from discontinued operations	(18)	—	(7)	(974)
Net income	<u>\$ 116,587</u>	<u>\$ 228,929</u>	<u>\$ 259,193</u>	<u>\$ 353,201</u>
Earnings per share:				
Basic:				
Income from continuing operations	\$ 2.51	\$ 4.95	\$ 5.58	\$ 7.67
Loss from discontinued operations	—	—	—	(0.02)
Net income	<u>\$ 2.51</u>	<u>\$ 4.95</u>	<u>\$ 5.58</u>	<u>\$ 7.65</u>
Diluted:				
Income from continuing operations	\$ 2.46	\$ 4.85	\$ 5.48	\$ 7.53
Loss from discontinued operations	—	—	—	(0.02)
Net income	<u>\$ 2.46</u>	<u>\$ 4.85</u>	<u>\$ 5.48</u>	<u>\$ 7.51</u>
Weighted average common shares outstanding				
Basic	46,530	46,248	46,451	46,156
Diluted	47,333	47,176	47,269	47,051

TELEFLEX INCORPORATED
CONSOLIDATED BALANCE SHEETS

September 27, 2020 **December 31, 2019**

(Dollars in thousands)

ASSETS

Current assets

Cash and cash equivalents	\$ 347,480	\$ 301,083
Accounts receivable, net	390,476	418,673
Inventories	526,125	476,557
Prepaid expenses and other current assets	101,452	97,943
Prepaid taxes	55,028	12,076
Total current assets	1,420,561	1,306,332
Property, plant and equipment, net	445,242	430,719
Operating lease assets	102,924	113,160
Goodwill	2,363,837	2,245,305
Intangible assets, net	2,228,930	2,156,285
Deferred tax assets	4,915	5,572
Other assets	46,879	52,447
Total assets	\$ 6,613,288	\$ 6,309,820

LIABILITIES AND EQUITY

Current liabilities

Current borrowings	\$ 91,750	\$ 50,000
Accounts payable	96,917	102,916
Accrued expenses	117,493	100,466
Current portion of contingent consideration	4,744	148,090
Payroll and benefit-related liabilities	98,828	115,981
Accrued interest	22,547	5,514
Income taxes payable	10,873	6,692
Other current liabilities	32,095	33,396
Total current liabilities	475,247	563,055
Long-term borrowings	2,035,823	1,858,943
Deferred tax liabilities	486,350	439,558
Pension and postretirement benefit liabilities	55,795	82,719
Noncurrent liability for uncertain tax positions	12,562	10,294
Noncurrent contingent consideration	16,872	71,818
Noncurrent operating lease liabilities	91,379	101,372
Other liabilities	203,057	202,741
Total liabilities	3,377,085	3,330,500
Commitments and contingencies		
Total shareholders' equity	3,236,203	2,979,320
Total liabilities and shareholders' equity	\$ 6,613,288	\$ 6,309,820

**TELEFLEX INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Nine Months Ended

September 27, 2020 **September 29, 2019**

(Dollars in thousands)

Cash flows from operating activities of continuing operations:

Net income	\$	259,193	\$	353,201
Adjustments to reconcile net income to net cash provided by operating activities:				
Loss from discontinued operations		7		974
Depreciation expense		51,329		47,286
Intangible asset amortization expense		118,649		112,661
Deferred financing costs and debt discount amortization expense		3,191		3,313
Gain on sale of assets		—		(3,828)
Fair value step up of acquired inventory sold		1,707		—
Changes in contingent consideration		(54,585)		40,894
Impairment of long-lived assets		—		6,911
Stock-based compensation		14,759		20,037
Deferred income taxes, net		2,600		(140,963)
Payments for contingent consideration		(79,771)		(26,092)
Interest benefit on swaps designated as net investment hedges		(14,488)		(13,820)
Other		(15,703)		(7,142)
Changes in assets and liabilities, net of effects of acquisitions and disposals:				
Accounts receivable		35,546		(41,221)
Inventories		(38,096)		(53,259)
Prepaid expenses and other assets		9,393		(13,184)
Accounts payable, accrued expenses and other liabilities		(4,243)		31,631
Income taxes receivable and payable, net		(48,000)		(28,232)
Net cash provided by operating activities from continuing operations		<u>241,488</u>		<u>289,167</u>
Cash flows from investing activities of continuing operations:				
Expenditures for property, plant and equipment		(62,369)		(83,797)
Proceeds from sale of assets		400		3,135
Payments for businesses and intangibles acquired, net of cash acquired		(266,843)		(1,265)
Net interest proceeds on swaps designated as net investment hedges		9,986		8,330
Net cash used in investing activities from continuing operations		<u>(318,826)</u>		<u>(73,597)</u>
Cash flows from financing activities of continuing operations:				
Proceeds from new borrowings		1,013,807		25,000
Reduction in borrowings		(788,807)		(185,500)
Debt extinguishment, issuance and amendment fees		(8,440)		(4,964)
Net proceeds from share based compensation plans and the related tax impacts		11,177		14,014
Payments for contingent consideration		(64,135)		(112,006)
Dividends paid		(47,384)		(47,071)
Net cash provided by (used in) financing activities from continuing operations		<u>116,218</u>		<u>(310,527)</u>
Cash flows from discontinued operations:				
Net cash (used in) provided by operating activities		<u>(540)</u>		<u>2,651</u>
Net cash (used in) provided by discontinued operations		<u>(540)</u>		<u>2,651</u>
Effect of exchange rate changes on cash and cash equivalents		<u>8,057</u>		<u>(7,311)</u>
Net increase (decrease) in cash and cash equivalents		46,397		(99,617)
Cash and cash equivalents at the beginning of the period		301,083		357,161
Cash and cash equivalents at the end of the period	\$	<u>347,480</u>	\$	<u>257,544</u>

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Teleflex®

Source: Teleflex Incorporated