LivaNova

Health innovation that matters

Fourth Quarter and Full-Year 2019

Earnings Performance

February 26, 2020

Isla, VNS Therapy Patient

Safe Harbor

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In this presentation, “LivaNova,” “the Company,” “we,” “us” and “our” refer to LivaNova PLC and its consolidated subsidiaries.

Intellectual Property

This report may contain references to our proprietary intellectual property, including among others:

Trademarks for our Neuromodulation systems, the VNS Therapy® System, the VITARIA® System and our proprietary pulse generator products: Model 102 (Pulse®), Model 102R (Pulse Duo®), Model 103 (Demipulse®), Model 104 (Demipulse Duo®), Model 105 (AspireHC®), Model 106 (AspireSR®), Model 1000 (SenTiva®) and Model 8103 (Symmetry™).

Trademarks for our Cardiopulmonary products and systems: S5® heart-lung machine, S3® heart-lung machine, Inspire®, Heartlink®, XTRA® Autotransfusion System, 3T Heater-Cooler® and Connect™.

Trademarks for our line of surgical tissue and mechanical heart valve replacements and repair products: Mitroflow®, Crown PRT®, Solo Smart™, Perceval®, Miami Instruments™, Top Hat®, Reduced Series Aortic Valves™, Carbomedics Carbo-Seal®, Carbo-Seal Valsalva®, Carbomedics Standard®, Orbis™ and Optiform®, and Mitral valve repair products: Memo 3D®, Memo 3D ReChord™, Memo 4D®, AnnuloFlo® and AnnuloFlex®.

Trademarks for our extracorporeal life support systems: TandemLife®, TandemHeart®, TandemLung®, ProtekDuo®, and LifeSPARC™.

Trademarks for our obstructive sleep apnea system: ImThera® and Aura6000®.

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Agenda

- Recent Highlights
- Financial Results
- Guidance
- Summary

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Recent Highlights

Recent Highlights

Advancement in products and clinical studies to support patients

Epilepsy

- New registry data was presented at the American Epilepsy Society 2019 Annual Meeting in December on super-refractory status epilepticus and Lennox-Gastaut Syndrome

Difficult-to-Treat Depression (DTD)

- Symmetry earned CE mark in December for Difficult-to-Treat Depression
- In February, two patients were implanted in the United Kingdom, the first to receive Symmetry outside the United States

Advanced Circulatory Support (ACS)

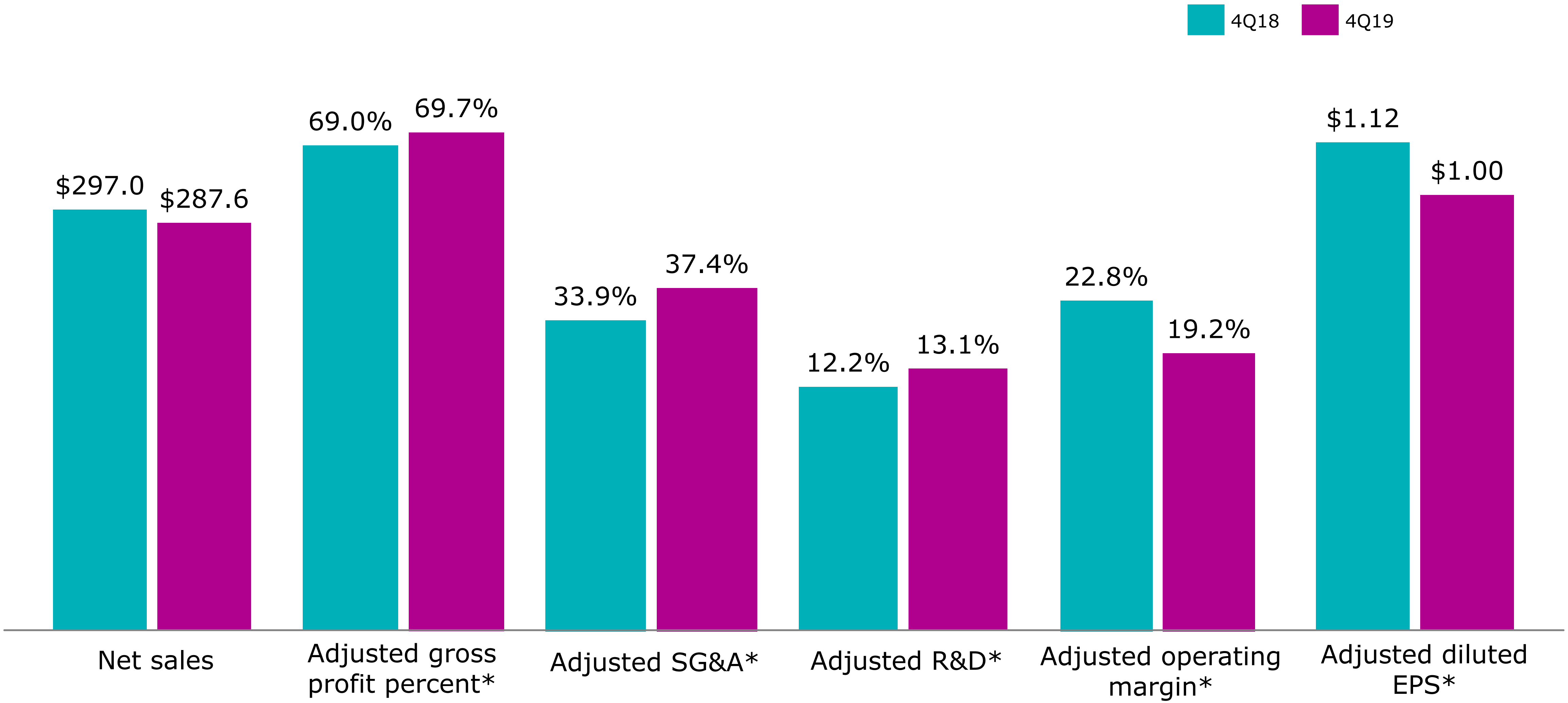
- In January, we received CE Mark for the LifeSPARC system, allowing us to bring the new pump and controller to more regions around the world

Cardiopulmonary

- 3T Heater-Cooler received 510(k) clearance for a device modification that further reduces the potential risk of possible dispersion of aerosols in hospital operating rooms and has been implemented at no cost to the customer

Financial Results

4Q19 at a Glance



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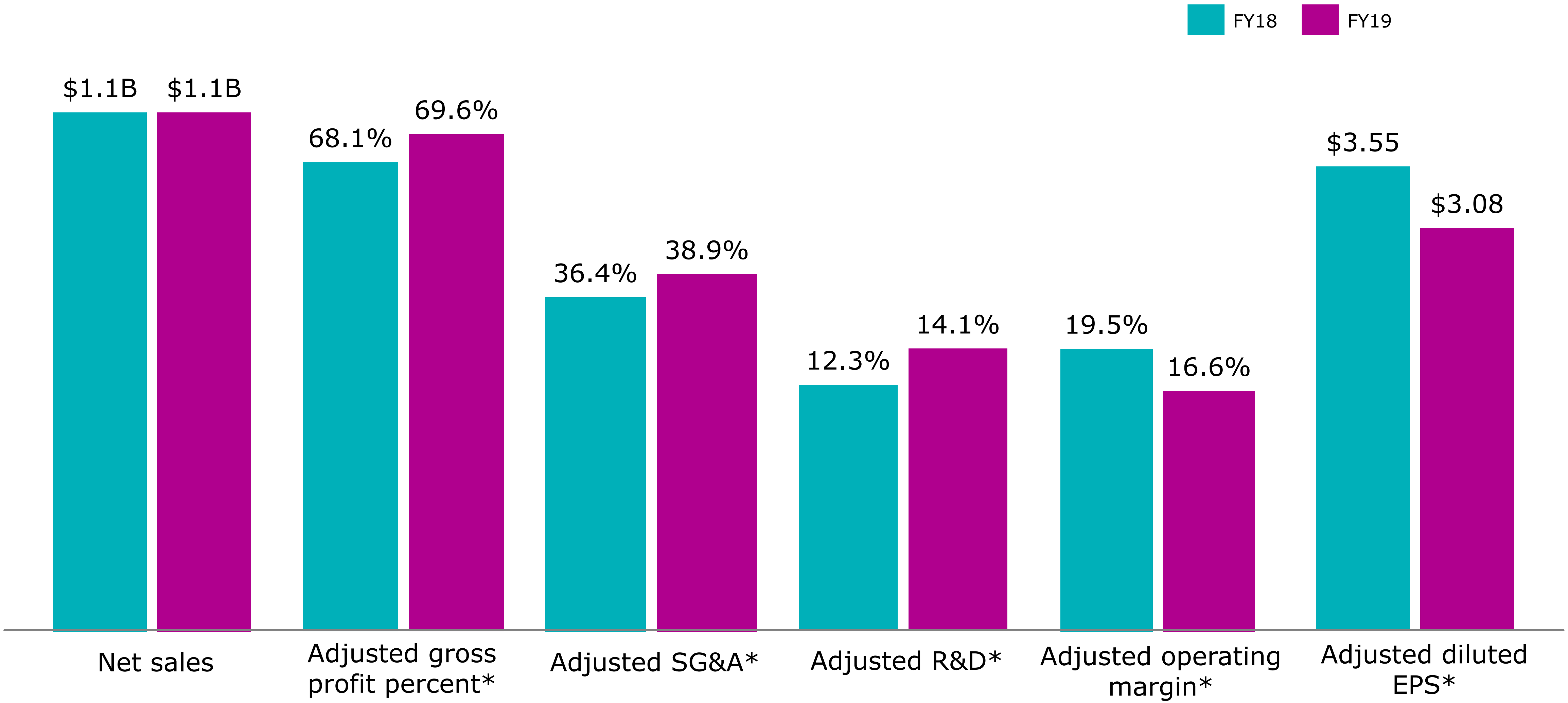
* Adjusted gross profit percent, adjusted SG&A, adjusted R&D, adjusted operating margin and adjusted diluted EPS are non-GAAP measures.

Full-Year 2019 at a Glance



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* Adjusted gross profit percent, adjusted SG&A, adjusted R&D, adjusted operating margin and adjusted diluted EPS are non-GAAP measures.

4Q19 Net Sales

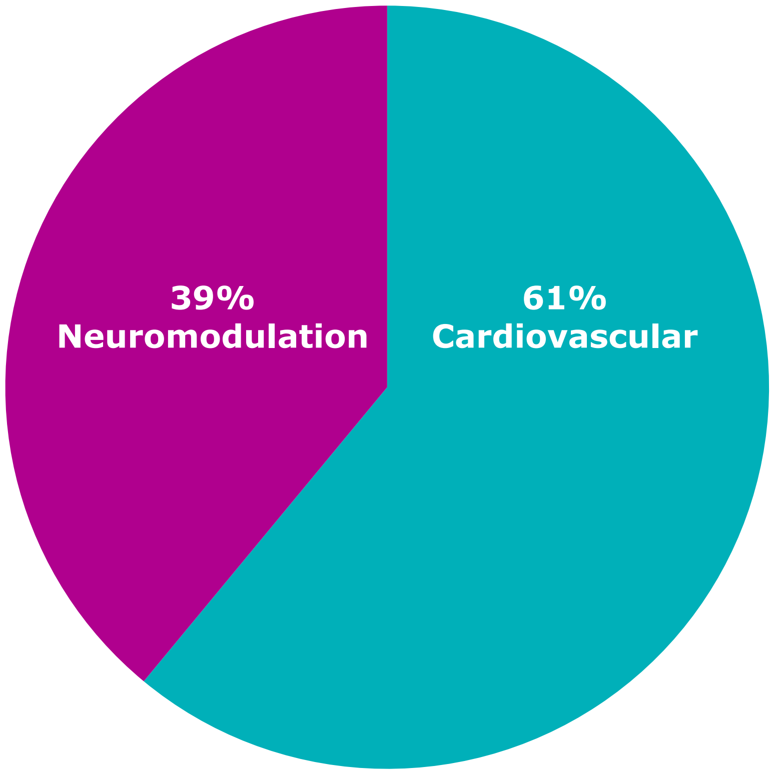
Vagus Nerve Stimulation Therapy (VNS Therapy)

Drug-Resistant Epilepsy (DRE)
Difficult-to-treat Depression (DTD)
Heart Failure (HF)

Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

Obstructive Sleep Apnea (OSA)

$287.6M
2.2% decrease*



76% Cardiopulmonary (CP)

Heart-lung machines (HLM)
Oxygenators
Autotransfusion systems (ATS)
Cannulae

5% Advanced Circulatory Support (ACS)

Extracorporeal Life Support (ECLS)
percutaneous Mechanical Circulatory Support (pMCS)

19% Heart Valves (HV)

Sutureless tissue valves
Mechanical valves
Traditional tissue valves
Annuloplasty rings

Numbers may not add up precisely due to rounding.
* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant-currency eliminates the effects of foreign currency fluctuations.
Includes the impact of exiting a low margin distribution agreement in Rest of World Cardiopulmonary of $8.7M.

Full-Year 2019 Net Sales

Vagus Nerve Stimulation Therapy (VNS Therapy)

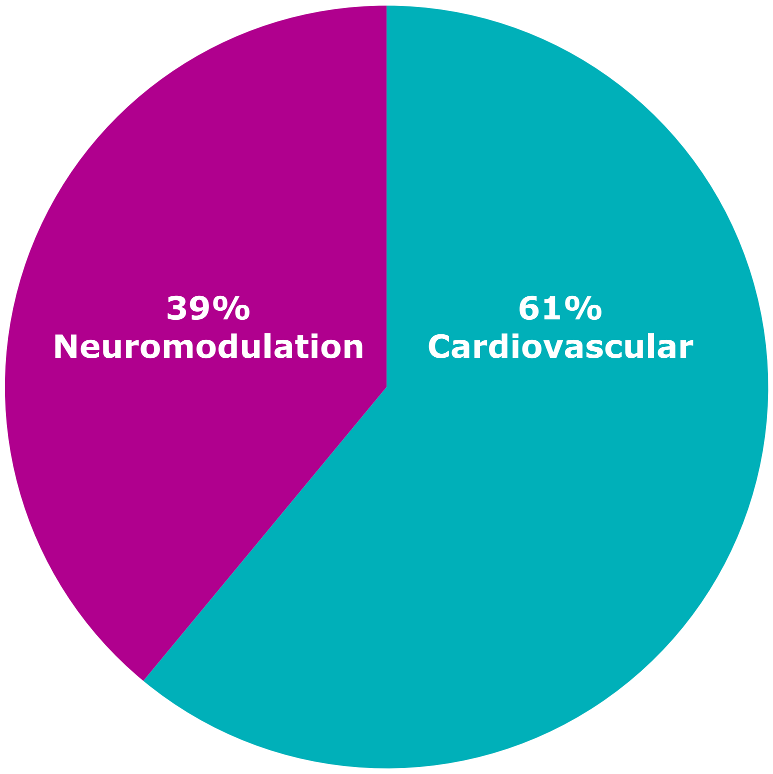
Drug-Resistant Epilepsy (DRE)
Difficult-to-treat Depression (DTD)
Heart Failure (HF)

Hypoglossal Nerve Stimulation Therapy (HGNS Therapy)

Obstructive Sleep Apnea (OSA)

$1.1B

0.1% increase*



77% Cardiopulmonary (CP)

Heart-lung machines (HLM)
Oxygenators
Autotransfusion systems (ATS)
Cannulae

5% Advanced Circulatory Support (ACS)

Extracorporeal Life Support (ECLS)
percutaneous Mechanical Circulatory Support (pMCS)

18% Heart Valves (HV)

Sutureless tissue valves
Mechanical valves
Traditional tissue valves
Annuloplasty rings

Numbers may not add up precisely due to rounding.
* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant-currency eliminates the effects of foreign currency fluctuations.
Includes the impact of exiting a low margin distribution agreement in Rest of World Cardiopulmonary of $32.9M
Includes one additional quarter of sales in ACS of $8.4M in 1Q2019.

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4Q19 Cardiovascular Sales

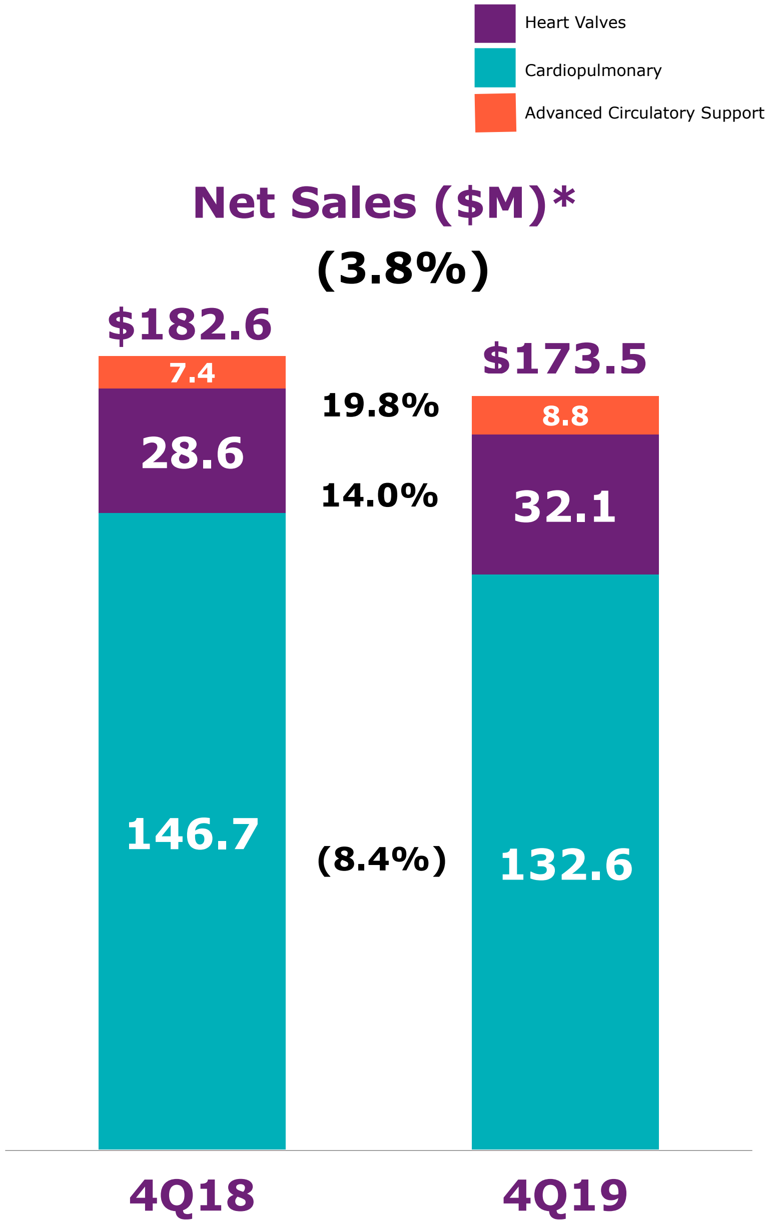
Drivers/Impacts

+ Record sales in ACS primarily driven by ProtekDuo and TandemHeart kits

+ The U.S. and Europe regions delivered low-single-digit oxygenator growth

- The ROW region impacted by an unexpected component supplier issue in oxygenators and $8.7M for exiting a low-margin distribution agreement

- HLM declined slightly due to difficult year-over-year comparables in the ROW region and a better than expected first half of 2019



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4Q19 Neuromodulation Sales

Drivers/Impacts

+ U.S. sales turnover remained stable and sales rose sequentially for the third straight quarter

+ Another quarter of strong double-digit growth in the Europe and ROW regions

+ SenTiva VNS Therapy System now represents 61% of global generator sales

Numbers may not add up precisely due to rounding.
* All percent change performance is shown on a year-over-year constant-currency basis, which is a non-GAAP measure. Constant-currency eliminates the effects of foreign currency fluctuations.

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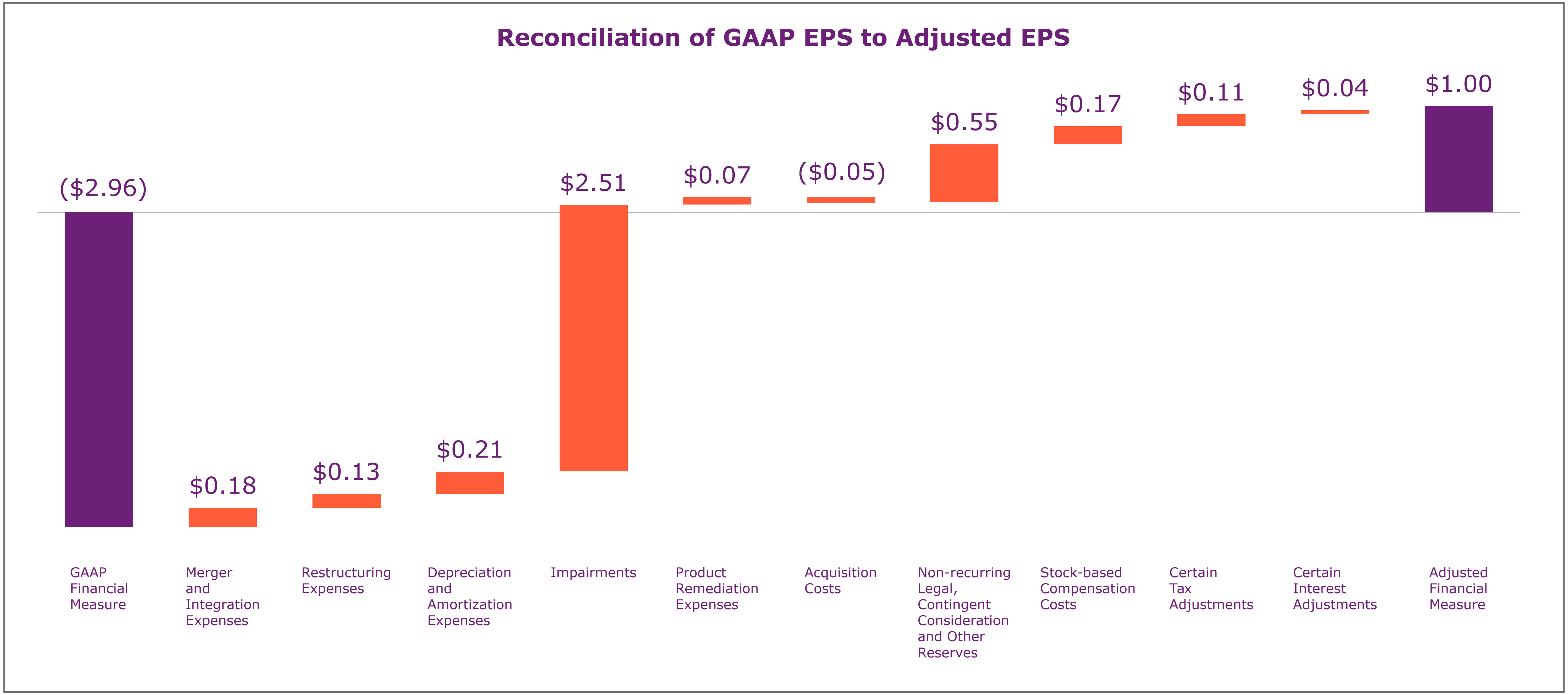
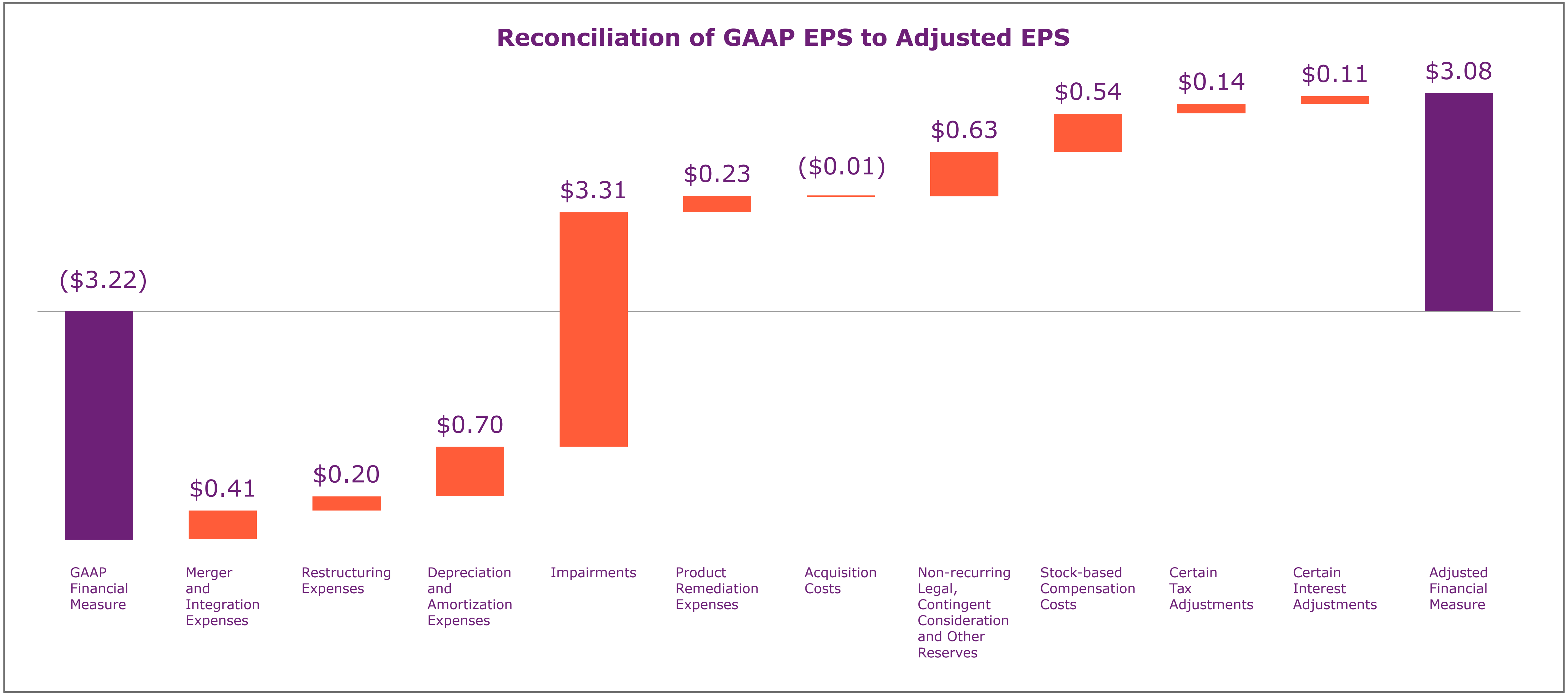
4Q19 Adjusted EPS from Continuing Operations*



* Adjusted diluted EPS is a non-GAAP measure.

FY19 Adjusted EPS from Continuing Operations*



* Adjusted diluted EPS is a non-GAAP measure.

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2020 Guidance

2020 Guidance from Continuing Operations

Focused execution to deliver financial and strategic portfolio commitments

	Guidance
Worldwide net sales growth (1)	3% - 5%
Gross profit percentage (1)	70% - 71%
R&D (1)	14% - 15%
SG&A (1)	38.5% - 39.5%
Operating margin (1)	16.5% - 17.5%
Effective tax rate	14% - 16%
Diluted EPS (1) (2)	$3.10 - $3.30
Cash flow from operations (3)	$180M - $200M

1. Net sales are on a constant-currency basis. All financial measures are adjusted non-GAAP measures.
2. Diluted EPS assumes a share count of approximately 49 million shares.
3. Excluding payments for one-time integration & restructuring costs

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2020 Guidance Assumptions

REVENUE GROWTH	Low-to Mid-Single-Digit	• Improved U.S. Epilepsy commercial execution delivering low-to mid-single-digit growth • U.S. commercialization of LifeSPARC translating to at least 20% growth • ROW region continues to deliver double-digit growth
EPS	Expansion	• Further gross margin expansion through operational efficiencies and product mix • Maintain SG&A costs as a percentage of revenue • Continue to invest in innovation to support our Strategic Portfolio Initiatives
CASH GENERATION	Disciplined, Focused Deployment	• Improve operating cash flow generation • Reduce integration and restructuring expenses • Increase inventory turns
STRATEGIC PORTFOLIO INITIATIVES	Focused Execution	• DTD: Reaching 250 patients enrolled in the RECOVER clinical study by year-end with a revenue contribution of approximately $20M • Heart Failure: Achieving 300 patients enrolled in ANTHEM-HFrEF by year-end

Summary

FINANCIAL GROWTH

- Product mix and pricing discipline delivered higher ASPs and 150 basis point improvement in the gross profit in 2019
- Well-positioned to continue progress in advancing growth of our core Epilepsy business

STRATEGIC GROWTH

- ANTHEM-HFrEF pivotal trial enrollment continues to perform ahead of expectations
- Strong growth in the ROW region resulting from investments in commercial capabilities and infrastructure

PORTFOLIO GROWTH

- ACS continues to deliver growth in excess of 20% as our commercial expansion gains momentum
- Focused on operational excellence to successfully execute global clinical and commercial programs for Difficult-to-Treat Depression

Appendix

Net Sales - Comparison of Actual Results to Constant Currency - *Unaudited*

$ in millions Business / Product Line:	Three months ended December 31, 2019	Three months ended December 31, 2018	As Reported % Change	Constant-Currency % Change
Cardiopulmonary	*$132.6*	*$146.7*	*(9.6%)*	*(8.4%)*
Heart Valves	*32.1*	*28.6*	*12.4%*	*14.0%*
Advanced Circulatory Support	*8.8*	*7.4*	*19.7%*	*19.8%*
Cardiovascular	173.5	182.6	(5.0%)	(3.8%)
Neuromodulation	113.1	113.6	(0.4%)	0.1%
Other	1.0	0.8	27.9%	31.3%
Total Net Sales	$287.6	$297.0	(3.2%)	(2.2%)

$ in millions Business / Product Line:	Twelve months ended December 31, 2019	Twelve months ended December 31, 2018	As Reported % Change	Constant-Currency % Change
Cardiopulmonary	*$504.7*	*$536.4*	*(5.9%)*	*(3.1%)*
Heart Valves	*120.0*	*126.0*	*(4.7%)*	*(0.7%)*
Advanced Circulatory Support	*31.9*	*19.5*	*64.0%*	*64.1%*
Cardiovascular	656.6	681.8	(3.7%)	(0.7%)
Neuromodulation	424.5	423.0	0.4%	1.2%
Other	3.0	2.1	38.7%	46.0%
Total Net Sales	$1,084.2	$1,107.0	(2.1%)	0.1%

Note: Numbers may not add up precisely due to rounding. Constant-currency percent change is considered a non-GAAP metric.

GAAP to Non-GAAP Reconciliations - *Unaudited*

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED
(U.S. dollars in millions, except per share amounts)

		Specified Items										
Three Months Ended December 31, 2019	**GAAP Financial Measures**	**Merger and Integration Expenses (A)**	**Restructuring Expenses (B)**	**Depreciation and Amortization Expenses (C)**	**Impairments (D)**	**Product Remediation Expenses (E)**	**Acquisition Costs (F)**	**Non-recurring Legal, Contingent Consideration and Other Reserves (G)**	**Stock-based Compensation Costs (H)**	**Certain Tax Adjustments (I)**	**Certain Interest Adjustments (J)**	**Adjusted Financial Measures**
Cost of sales - exclusive of amortization	$78.3	$—	$—	($0.4)	$—	$—	$—	$9.6	($0.3)	$—	$—	$87.2
Product remediation	4.6	—	—	—	—	(4.6)	—	—	—	—	—	—
Gross profit percent	71.2 %	—%	—%	0.1 %	— %	1.6%	— %	(3.3)%	0.1 %	—%	—%	69.7%
Selling, general and administrative	130.6	—	—	(0.1)	—	—	(0.4)	(15.5)	(7.1)	—	—	107.5
Selling, general and administrative as a percent of net sales	45.4 %	—%	—%	— %	— %	—%	(0.1)%	(5.4)%	(2.5)%	—%	—%	37.4%
Research and development	25.9	—	—	—	(2.7)	—	3.3	12.2	(1.1)	—	—	37.6
Research and development as a percent of net sales	9.0 %	—%	—%	— %	(0.9)%	—%	1.2 %	4.2 %	(0.4)%	—%	—%	13.1%
Litigation provision, net	33.2	—	—	—	—	—	—	(33.2)	—	—	—	—
Other operating expenses	158.9	(9.1)	(7.7)	(10.7)	(131.4)	—	—	—	—	—	—	—
Operating (loss) income from continuing operations	(144.0)	9.1	7.7	11.2	134.1	4.6	(2.9)	27.0	8.4	—	—	55.3
Operating margin percent	(50.1)%	3.2%	2.7%	3.9 %	46.6 %	1.6%	(1.0)%	9.4 %	2.9 %	—%	—%	19.2%
Income tax (benefit) expense	(6.7)	0.3	1.1	1.1	11.3	1.0	(0.6)	0.2	0.4	(5.6)	0.3	2.7
Net (loss) income from continuing operations	(143.4)	8.9	6.5	10.2	122.8	3.6	(2.3)	26.8	8.1	5.6	2.1	48.8
Diluted EPS - Continuing Operations	($2.96)	$0.18	$0.13	$0.21	$2.51	$0.07	($0.05)	$0.55	$0.17	$0.11	$0.04	$1.00

GAAP results for the three months ended December 31, 2019 include:

(A) Merger and integration expenses related to our legacy companies and recent acquisitions
(B) Restructuring expenses related to organizational changes
(C) Includes depreciation and amortization associated with purchase price accounting
(D) Impairment of Transcatheter Mitral Valve Replacement goodwill, intangible assets and other long-lived assets
(E) Costs related to the 3T Heater-Cooler remediation plan
(F) Costs related to acquisitions
(G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters, remeasurement of contingent consideration related to acquisitions and AR reserves
(H) Non-cash expenses associated with stock-based compensation costs
(I) Primarily relates to discrete tax items and the tax impact of intercompany transactions
(J) Primarily relates to intellectual property migration, interest related to 3T Heater-Cooler litigation settlement and other non-recurring impacts to interest expense
* Numbers may not add up precisely due to rounding.

GAAP to Non-GAAP Reconciliations - *Unaudited*

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED
(U.S. dollars in millions, except per share amounts)

		Specified Items										
Three Months Ended December 31, 2018	**GAAP Financial Measures**	**Merger and Integration Expenses (A)**	**Restructuring Expenses (B)**	**Depreciation and Amortization Expenses (C)**	**Product Remediation Expenses (D)**	**Acquisition Costs (E)**	**CRM Disposal Costs (F)**	**Non-recurring Legal and Contingent Consideration (G)**	**Stock-based Compensation Costs (H)**	**Certain Tax Adjustments (I)**	**Certain Interest Adjustments (J)**	**Adjusted Financial Measures**
Cost of sales - exclusive of amortization	$90.9	$—	$—	($0.8)	$—	$0.2	$—	$2.2	($0.2)	$—	$—	$92.2
Product remediation	2.0	—	—	—	(2.0)	—	—	—	—	—	—	—
Gross profit percent	68.7 %	—%	—%	0.3 %	0.7%	(0.1)%	— %	(0.7)%	0.1 %	—%	—%	69.0%
Selling, general and administrative	122.2	—	—	(0.3)	—	(1.1)	(0.6)	(15.4)	(4.3)	—	—	100.6
Selling, general and administrative as a percent of net sales	41.2 %	—%	—%	(0.1)%	—%	(0.4)%	(0.2)%	(5.2)%	(1.5)%	—%	—%	33.9%
Research and development	37.6	—	—	(0.1)	—	(0.2)	(0.3)	0.3	(1.0)	—	—	36.4
Research and development as a percent of net sales	12.7 %	—%	—%	— %	—%	(0.1)%	(0.1)%	0.1 %	(0.3)%	—%	—%	12.2%
Litigation provision net	294.0	—	—	—	—	—	—	(294.0)	—	—	—	—
Other operating expenses	26.6	(4.4)	(13.1)	(9.1)	—	—	—	—	—	—	—	—
Operating (loss) income from continuing operations	(276.5)	4.4	13.1	10.3	2.0	1.2	0.9	306.9	5.5	—	—	67.8
Operating margin percent	(93.1)%	1.5%	4.4%	3.5 %	0.7%	0.4 %	0.3 %	103.4 %	1.9 %	—%	—%	22.8%
Income tax (benefit) expense	(69.8)	0.8	3.5	4.0	0.5	0.3	0.3	74.5	1.6	(5.2)	0.2	10.5
Net (loss) income from continuing operations	(209.5)	3.6	9.7	6.2	1.5	0.9	0.6	232.5	3.9	5.2	0.6	55.2
Diluted EPS - Continuing Operations	($4.32)	$0.07	$0.20	$0.13	$0.03	$0.02	$0.01	$4.70	$0.08	$0.10	$0.01	$1.12

GAAP results for the three months ended December 31, 2018 include:

(A) Merger and integration expenses related to our legacy companies and recent acquisitions
(B) Restructuring expenses related to organizational changes
(C) Includes depreciation and amortization associated with purchase price accounting
(D) Costs related to the 3T Heater-Cooler remediation plan
(E) Costs related to acquisitions
(F) Corporate costs incurred to divest of the CRM business not attributable to discontinued operations
(G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters, remeasurement of contingent consideration related to acquisitions and AR reserves
(H) Non-cash expenses associated with stock-based compensation costs
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GAAP to Non-GAAP Reconciliations - *Unaudited*

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED
(U.S. dollars in millions, except per share amounts)

		Specified Items										
Twelve Months Ended December 31, 2019	**GAAP Financial Measures**	**Merger and Integration Expenses (A)**	**Restructuring Expenses (B)**	**Depreciation and Amortization Expenses (C)**	**Impairments (D)**	**Product Remediation Expenses (E)**	**Acquisition Costs (F)**	**Non-recurring Legal, Contingent Consideration and Other Reserves (G)**	**Stock-based Compensation Costs (H)**	**Certain Tax Adjustments (I)**	**Certain Interest Adjustments (J)**	**Adjusted Financial Measures**
Cost of sales - exclusive of amortization	$323.6	$—	$—	($2.4)	$—	$—	$—	$10.0	($1.3)	$—	$—	$329.9
Product remediation	15.8	—	—	—	—	(15.8)	—	—	—	—	—	—
Gross profit percent	68.7 %	—%	—%	0.2 %	— %	1.5%	— %	(0.9)%	0.1 %	—%	—%	69.6%
Selling, general and administrative	506.5	—	—	(0.5)	—	—	(1.1)	(57.7)	(25.6)	—	—	421.6
Selling, general and administrative as a percent of net sales	46.7 %	—%	—%	— %	— %	—%	(0.1)%	(5.3)%	(2.4)%	—%	—%	38.9%
Research and development	149.9	—	—	(0.2)	(3.6)	—	1.9	10.6	(5.6)	—	—	152.9
Research and development as a percent of net sales	13.8 %	—%	—%	— %	(0.3)%	—%	0.2 %	1.0 %	(0.5)%	—%	—%	14.1%
Litigation provision, net	(0.6)	—	—	—	—	—	—	0.6	—	—	—	—
Other operating expenses	257.8	(23.5)	(12.3)	(40.4)	(181.7)	—	—	—	—	—	—	—
Operating (loss) income from continuing operations	(168.9)	23.5	12.3	43.5	185.3	15.8	(0.7)	36.5	32.6	—	—	179.7
Operating margin percent	(15.6)%	2.2%	1.1%	4.0 %	17.1 %	1.5%	(0.1)%	3.4 %	3.0 %	—%	—%	16.6%
Income tax (benefit) expense	(30.2)	3.5	2.3	9.3	23.7	4.6	(0.1)	5.6	6.0	(6.8)	1.1	19.0
Net (loss) income from continuing operations	(155.5)	19.9	10.0	34.2	161.6	11.2	(0.6)	30.9	26.6	6.8	5.3	150.4
Diluted EPS - Continuing Operations	($3.22)	$0.41	$0.20	$0.70	$3.31	$0.23	($0.01)	$0.63	$0.54	$0.14	$0.11	$3.08

GAAP results for the twelve months ended December 31, 2019 include:

(A) Merger and integration expenses related to our legacy companies and recent acquisitions

(B) Restructuring expenses related to organizational changes

(C) Includes depreciation and amortization associated with purchase price accounting

(D) Impairment of Transcatheter Mitral Valve Replacement goodwill, intangible assets and other long-lived assets and Obstructive Sleep Apnea intangible assets and other long-lived assets

(E) Costs related to the 3T Heater-Cooler remediation plan

(F) Costs related to acquisitions

(G) 3T Heater-Cooler litigation provision, 3T insurance recovery, legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters, remeasurement of contingent consideration related to acquisitions and AR reserves

(H) Non-cash expenses associated with stock-based compensation costs

(I) Primarily relates to discrete tax items and the tax impact of intercompany transactions

(J) Primarily relates to intellectual property migration, interest related to 3T Heater-Cooler litigation settlement and other non-recurring impacts to interest expense

* Numbers may not add up precisely due to rounding.

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GAAP to Non-GAAP Reconciliations - *Unaudited*

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES - UNAUDITED
(U.S. dollars in millions, except per share amounts)

		Specified Items										
Twelve Months Ended December 31, 2018	**GAAP Financial Measures**	**Merger and Integration Expenses (A)**	**Restructuring Expenses (B)**	**Depreciation and Amortization Expenses (C)**	**Product Remediation Expenses (D)**	**Acquisition Costs (E)**	**CRM Disposal Costs (F)**	**Non-recurring Legal and Contingent Consideration (G)**	**Stock-based Compensation Costs (H)**	**Certain Tax Adjustments (I)**	**Certain Interest Adjustments (J)**	**Adjusted Financial Measures**
Cost of sales - exclusive of amortization	$361.8	$—	$—	($11.6)	$—	$—	$—	$3.5	($1.1)	$—	$—	$352.6
Product remediation	10.7	—	—	—	(10.7)	—	—	—	—	—	—	—
Gross profit percent	66.4 %	—%	—%	1.0 %	1.0%	— %	— %	(0.3)%	0.1 %	—%	—%	68.1%
Selling, general and administrative	465.0	—	—	(0.9)	—	(5.5)	(3.8)	(32.9)	(19.4)	—	—	402.5
Selling, general and administrative as a percent of net sales	42.0 %	—%	—%	(0.1)%	—%	(0.5)%	(0.3)%	(3.0)%	(1.8)%	—%	—%	36.4%
Research and development	146.0	—	—	(0.3)	—	(5.4)	(0.3)	0.2	(4.5)	—	—	135.7
Research and development as a percent of net sales	13.2 %	—%	—%	— %	—%	(0.5)%	— %	— %	(0.4)%	—%	—%	12.3%
Litigation provision, net	294.0	—	—	—	—	—	—	(294.0)	—	—	—	—
Other operating expenses	77.5	(24.4)	(15.9)	(37.2)	—	—	—	—	—	—	—	—
Operating (loss) income from continuing operations	(248.1)	24.4	15.9	49.9	10.7	10.9	4.2	323.3	25.0	—	—	216.2
Operating margin percent	(22.4)%	2.2%	1.4%	4.5 %	1.0%	1.0 %	0.4 %	29.2 %	2.3 %	—%	—%	19.5%
Gain on acquisition	11.5	—	—	—	—	(11.5)	—	—	—	—	—	—
Income tax (benefit) expense	(69.6)	5.1	4.0	12.3	2.5	2.5	1.4	78.2	6.3	(11.0)	0.8	32.5
Net (loss) income from continuing operations	(178.5)	19.3	11.9	37.6	8.2	(3.1)	2.8	245.0	18.6	11.0	2.4	175.3
Diluted EPS - Continuing Operations	($3.68)	$0.39	$0.24	$0.76	$0.17	($0.06)	$0.06	$4.96	$0.38	$0.22	$0.05	$3.55

GAAP results for the twelve months ended December 31, 2018 include:

(A) Merger and integration expenses related to our legacy companies and recent acquisitions

(B) Restructuring expenses related to organizational changes

(C) Includes depreciation and amortization associated with purchase price accounting

(D) Costs related to the 3T Heater-Cooler remediation plan

(E) Costs related to acquisitions

(F) Corporate costs incurred to divest of the CRM business not attributable to discontinued operations

(G) 3T Heater-Cooler litigation provision, legal expenses primarily related to 3T Heater-Cooler defense, settlements and other matters, remeasurement of contingent consideration related to acquisitions and AR reserves

(H) Non-cash expenses associated with stock-based compensation costs

(I) Primarily relates to discrete tax items and the tax impact of intercompany transactions

(J) Primarily relates to intellectual property migration and other non-recurring impacts to interest expense

* Numbers may not add up precisely due to rounding.

GAAP to Non-GAAP Reconciliations

The preceding tables reconcile the most comparable U.S. Generally Accepted Accounting Principles (GAAP) measures to the non-GAAP financial and operating measures presented in LivaNova's fourth-quarter and full-year 2019 press release and during the conference call held in conjunction with the announcement of fourth-quarter and full-year 2019 results.

Unless otherwise noted, all sales growth rates in this presentation reflect comparable, constant-currency growth. Management believes that referring to comparable, constant-currency growth is the most useful way to evaluate the sales performance of LivaNova and to compare the sales performance of current periods to prior periods on a consistent basis. Constant-currency growth, a non-GAAP financial measure, measures the change in sales between current and prior-year periods using average exchange rates in effect during the applicable prior-year period.

LivaNova calculates forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For example, forward-looking net sales growth projections are estimated on a constant-currency basis and exclude the impact of foreign currency fluctuations. Forward-looking non-GAAP adjusted tax rate and adjusted diluted earnings per share guidance exclude other items such as, but not limited to, changes in fair value of contingent consideration arrangements, asset impairment charges and product remediation costs that would be included in comparable GAAP financial measures. The most directly comparable GAAP measure for constant-currency net sales, non-GAAP adjusted tax rate and adjusted diluted earnings per share are net sales, the effective tax rate and earnings per share, respectively. However, non-GAAP financial adjustments on a forward-looking basis are subject to uncertainty and variability as they are dependent on many factors, including but not limited to, the effect of foreign currency exchange fluctuations, impacts from potential acquisitions or divestitures, gains or losses on the potential sale of businesses or other assets, restructuring costs, merger and integration activities, changes in fair value of contingent consideration arrangements, product remediation costs, asset impairment charges and the tax impact of the aforementioned items, tax law changes or other tax matters. Accordingly, reconciliations to the most directly comparable forward-looking GAAP financial measures are not available without unreasonable effort.

The Company also believes adjusted financial measures such as adjusted gross profit; adjusted selling, general and administrative expense; adjusted research and development expense; adjusted other operating expenses; adjusted operating income from continued operations; adjusted income tax expense; adjusted net income from continuing operations; and adjusted diluted earnings per share, are measures by which LivaNova generally uses to facilitate management review of the operational performance of the company, to serve as a basis for strategic planning, and to assist in the design of compensation incentive plans. Furthermore, adjusted financial measures allow investors to evaluate the Company's core performance for different periods on a more comparable and consistent basis, and with other entities in the medical technology industry by adjusting for items that are not related to the ongoing operations of the Company or incurred in the ordinary course of business.

LivaNova

Health innovation that matters

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