

Fourth Quarter and Full-Year 2019 Financial Results

4Q 2019 Financial Summary¹

\$288M

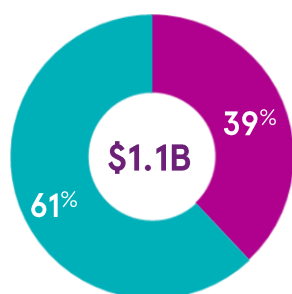
Net Sales

70%
Adjusted
Gross Margin

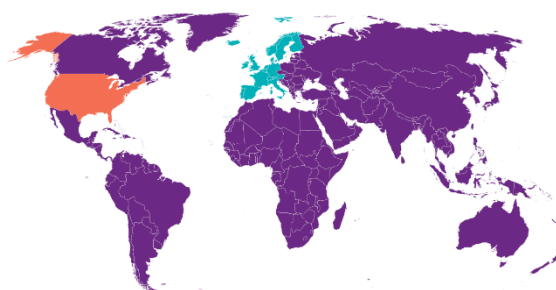
19%
Adjusted
Operating Margin

\$1.00
Adjusted
Diluted EPS

Full-Year 2019 Sales Summary²



- Neuromodulation
- Cardiovascular



US \$547M ↓ 1%

EU \$223M ↑ 3%

ROW \$315M ↑ 1%

2020 Full-Year Guidance³

Net Sales

↑ **3%-5%
Growth**

Adjusted EPS



\$3.10 – \$3.30

“We are entering 2020 with a strategy focused on delivering higher sales growth, expanding gross margins and improving cash generation. We are investing in research and development to advance our pipeline and accomplish several important milestones for patients with Difficult-to-Treat Depression, Heart Failure and Obstructive Sleep Apnea”

– Damien McDonald, CEO

Highlights from the Year

1st

Depression Patients
Enrolled in RECOVER Study
a landmark achievement

+150bps

Expansion in
Adjusted Gross Margin
over the previous year

9

Consecutive
Quarters
of growth in Europe

>25%

Organic Growth in
Advanced Circulatory Support⁴
driven by U.S. performance

1) Adjusted financial measures are non-GAAP measures and exclude specified items as described and reconciled in the “Reconciliation of GAAP to non-GAAP Financial Measures” contained on the back of this document. All EPS measures in this document refer to diluted EPS from continuing operations. 2) Unless otherwise noted, all sales growth rates in this document reflect constant-currency sales growth, which eliminates the effects of foreign currency fluctuations. 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. 3) 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 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 and adjusted diluted earnings per share are net sales 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. 4) 2019 organic growth in Advanced Circulatory Support includes ~\$6 million in sales from TandemLife in the first quarter of 2018, prior to LivaNova’s acquisition of TandemLife.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES – UNAUDITED

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
Gross Margin	71.2%	--	--	0.1%	--	1.6%	--	(3.3)%	0.1%	--	--	69.7%
Operating Margin	(50.1)%	3.2%	2.7%	3.9%	46.6%	1.6%	(1.0)%	9.4%	2.9%	--	--	19.2%
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

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
Gross Margin	68.7%	--	--	0.2%	--	1.5%	--	(0.9)%	0.1%	--	--	69.6%

GAAP results for 2019 include:

- Merger and integration expenses related to our legacy companies and recent acquisitions
- Restructuring expenses related to organizational changes
- Includes depreciation and amortization associated with purchase price accounting
- 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
- Costs related to the 3T Heater-Cooler remediation plan
- Costs related to acquisitions
- 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
- Non-cash expenses associated with stock-based compensation costs
- Primarily relates to discrete tax items and the tax impact of intercompany transactions
- Primarily relates to intellectual property migration, interest related to 3T Heater-Cooler litigation settlement and other non-recurring impacts to interest expense

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
Gross Margin	66.4%	--	--	1.0%	1.0%	--	--	(0.3)%	0.1%	--	--	68.1%

GAAP results for 2018 include:

- Merger and integration expenses related to our legacy companies and recent acquisitions
- Restructuring expenses related to organizational changes
- Includes depreciation and amortization associated with purchase price accounting
- Costs related to the 3T Heater-Cooler remediation plan
- Costs related to acquisitions
- Corporate costs incurred to divest of the CRM business not attributable to discontinued operations
- 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
- Non-cash expenses associated with stock-based compensation costs
- Primarily relates to discrete tax items and the tax impact of intercompany transactions
- Primarily relates to intellectual property migration and other non-recurring impacts to interest expense

NET SALES: COMPARISON OF ACTUAL RESULTS TO CONSTANT CURRENCY – UNAUDITED

(U.S. dollars in millions)

Business / Product Line	Twelve months ended December 31,		% Change at Actual Currency Rates	% Change at Constant-Currency Rates
	2019	2018		
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%

Region	Twelve months ended December 31,		% Change at Actual Currency Rates	% Change at Constant-Currency Rates
	2019	2018		
US	546.5	553.4	(1.3%)	(1.3%)
Europe	223.2	229.0	(2.5%)	2.8%
Rest of World	314.5	324.5	(3.1%)	0.5%
Total Net Sales	1,084.2	1,107.0	(2.1%)	0.1%

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. The sales results presented are unaudited. Numbers may not add up precisely due to rounding.