TELEFLEX INC
Form 10-Q
November 01, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission file number 1-5353

TELEFLEX INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	23-1147939
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
550 E. Swedesford Rd., Suite 400, Wayne, PA	19087
(Address of principal executive offices)	(Zip Code)

(610) 225-6800
(Registrant's telephone number, including area code)
(None)
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨
	Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The registrant had 45,982,120 shares of common stock, par value $1.00 per share, outstanding as of October 30, 2018.

TELEFLEX INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2018
TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements
TELEFLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars and shares in thousands, except per share)			
Net revenues	$609,672	$534,703	$1,806,768	$1,551,197
Cost of goods sold	267,099	239,476	788,147	710,126
Gross profit	342,573	295,227	1,018,621	841,071
Selling, general and administrative expenses	214,894	163,771	660,148	486,674
Research and development expenses	26,365	21,194	78,410	59,299
Restructuring and impairment charges (credits)	19,209	(92)	77,625	13,723
Income from continuing operations before interest, loss on extinguishment of debt and taxes	82,105	110,354	202,438	281,375
Interest expense	27,171	21,264	79,763	58,884
Interest income	(320)	(286)	(776)	(616)
Loss on extinguishment of debt	—	—	—	5,593
Income from continuing operations before taxes	55,254	89,376	123,451	217,514
(Benefit) taxes on income from continuing operations	(1,286)	9,978	14,532	19,404
Income from continuing operations	56,540	79,398	108,919	198,110
Operating income (loss) from discontinued operations	(83)	(3,749)	1,246	(4,597)
Tax (benefit) on income (loss) from discontinued operations	(67)	(1,366)	(47)	(1,675)
Income (loss) from discontinued operations	(16)	(2,383)	1,293	(2,922)
Net income	$56,524	$77,015	$110,212	$195,188
Earnings per share:				
Basic:				
Income from continuing operations	$1.23	$1.76	$2.39	$4.40
Income (loss) from discontinued operations	—	(0.05)	0.03	(0.06)
Net income	$1.23	$1.71	$2.42	$4.34
Diluted:				
Income from continuing operations	$1.21	$1.70	$2.33	$4.24
Income (loss) from discontinued operations	—	(0.05)	0.03	(0.06)
Net income	$1.21	$1.65	$2.36	$4.18
Dividends per share	$0.34	$0.34	$1.02	$1.02
Weighted average common shares outstanding				
Basic	45,851	45,035	45,587	44,975
Diluted	46,815	46,587	46,785	46,673

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELEFLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
Net income	$56,524	$77,015	$110,212	$195,188
Other comprehensive (loss) income, net of tax:				
Foreign currency translation, net of tax of $(3,505), $(8,429), $0, and $(26,910), for the three and nine months periods, respectively	14,387	43,345	(30,130)	156,012
Pension and other postretirement benefit plans adjustment, net of tax of $(363), $(479), $(1,253), and $(1,476) for the three and nine month period, respectively	1,215	743	4,111	2,337
Derivatives qualifying as hedges, net of tax of $(308), $141, $(419) and $(1,029) for the three and nine month period, respectively	1,651	(243)	1,943	4,918
Other comprehensive (loss) income, net of tax:	17,253	43,845	(24,076)	163,267
Comprehensive income	$73,777	$120,860	$86,136	$358,455

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELEFLEX INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2018	December 31, 2017
	(Dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	$356,276	$333,558
Accounts receivable, net	374,341	345,875
Inventories, net	411,066	395,744
Prepaid expenses and other current assets	55,173	47,882
Prepaid taxes	40,715	5,748
Assets held for sale	3,239	—
Total current assets	1,240,810	1,128,807
Property, plant and equipment, net	421,265	382,999
Goodwill	2,223,429	2,235,592
Intangible assets, net	2,262,818	2,383,748
Deferred tax assets	2,305	3,810
Other assets	50,093	46,536
Total assets	$6,200,720	$6,181,492
LIABILITIES AND EQUITY		
Current liabilities		
Current borrowings	$77,250	$86,625
Accounts payable	97,628	92,027
Accrued expenses	105,584	96,853
Current portion of contingent consideration	102,664	74,224
Payroll and benefit-related liabilities	94,132	107,415
Accrued interest	20,623	6,165
Income taxes payable	13,347	11,514
Other current liabilities	38,065	9,053
Total current liabilities	549,293	483,876
Long-term borrowings	2,075,834	2,162,927
Deferred tax liabilities	606,082	603,676
Pension and postretirement benefit liabilities	99,350	121,410
Noncurrent liability for uncertain tax positions	13,170	12,296
Noncurrent contingent consideration	141,910	197,912
Other liabilities	208,016	168,864
Total liabilities	3,693,655	3,750,961
Commitments and contingencies		
Total shareholders' equity	2,507,065	2,430,531
Total liabilities and shareholders' equity	$6,200,720	$6,181,492

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELEFLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30, 2018	October 1, 2017
	(Dollars in thousands)	
Cash flows from operating activities of continuing operations:		
Net income	$110,212	$195,188
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations	(1,293)	2,922
Depreciation expense	44,517	42,390
Amortization expense of intangible assets	111,974	63,976
Amortization expense of deferred financing costs and debt discount	3,548	3,940
Loss on extinguishment of debt	—	5,593
Fair value step up of acquired inventory sold	—	10,442
Changes in contingent consideration	47,344	(109)
Impairment of long-lived assets	19,110	—
Stock-based compensation	16,469	14,519
Deferred income taxes, net	8,664	(15,682)
Other	(13,028)	(13,559)
Changes in operating assets and liabilities, net of effects of acquisitions and disposals:		
Accounts receivable	(29,830)	6,428
Inventories	(19,665)	(20,257)
Prepaid expenses and other current assets	(6,468)	(4,009)
Accounts payable, accrued expenses and other liabilities	54,581	24,128
Income taxes receivable and payable, net	(43,191)	3,798
Net cash provided by operating activities from continuing operations	302,944	319,708
Cash flows from investing activities of continuing operations:		
Expenditures for property, plant and equipment	(55,751)	(53,977)
Proceeds from sale of assets	—	6,332
Payments for businesses and intangibles acquired, net of cash acquired	(22,550)	(1,010,711)
Net cash used in investing activities from continuing operations	(78,301)	(1,058,356)
Cash flows from financing activities of continuing operations:		
Proceeds from new borrowings	—	1,963,500
Reduction in borrowings	(98,500)	(747,576)
Debt extinguishment, issuance and amendment fees	(188)	(19,114)
Net proceeds from share based compensation plans and the related tax impacts	18,666	4,739
Payments for contingent consideration	(73,152)	(245)
Dividends paid	(46,526)	(45,905)
Net cash provided by (used in) financing activities from continuing operations	(199,700)	1,155,399
Cash flows from discontinued operations:		
Net cash used in operating activities	(701)	(1,140)
Net cash used in discontinued operations	(701)	(1,140)
Effect of exchange rate changes on cash and cash equivalents	(1,524)	58,173
Net increase in cash and cash equivalents	22,718	473,784
Cash and cash equivalents at the beginning of the period	333,558	543,789
Cash and cash equivalents at the end of the period	$356,276	$1,017,573

Non cash investing activities of continuing operations:		
Property, plant and equipment additions due to build-to-suit lease transaction	$28,147	$—
Non cash financing activities of continuing operations:		
Settlement and exchange of convertible notes with common or treasury stock	$—	$53,207
Acquisition of treasury stock associated with settlement and exchange of convertible note hedge and warrant agreements	$56,075	$127,158

The accompanying notes are an integral part of the condensed consolidated financial statements.

TELEFLEX INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited)

	Common Stock		Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Dollars				Shares	Dollars	
	(Dollars and shares in thousands, except per share)							
Balance at December 31, 2017	46,871	$46,871	$591,721	$2,285,886	$ (265,091)	1,704	$(228,856)	$2,430,531
Cumulative effect adjustment resulting from the adoption of new accounting standards				3,076				3,076
Net income				110,212				110,212
Cash dividends ($1.02 per share)				(46,526)				(46,526)
Other comprehensive loss					(24,076)			(24,076)
Settlements of warrants			(56,115)			(412)	56,075	(40)
Shares issued under compensation plans	321	321	29,315			(47)	3,384	33,020
Deferred compensation			398			(10)	470	868
Balance as of September 30, 2018	47,192	$47,192	$565,319	$2,352,648	$ (289,167)	1,235	$(168,927)	$2,507,065

The accompanying notes are an integral part of the condensed consolidated financial statements.

6

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Teleflex Incorporated and its subsidiaries (“we,” “us,” “our,” “Teleflex” and the “Company”) are prepared on the same basis as its annual consolidated financial statements.

In the opinion of management, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for the fair presentation of financial statements for interim periods in accordance with accounting principles generally accepted in the United States of America ("GAAP") and with Rule 10-01 of Securities and Exchange Commission ("SEC") Regulation S-X, which sets forth the instructions for financial statements included in Form 10-Q. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The results of operations for the periods reported are not necessarily indicative of those that may be expected for a full year.

In accordance with applicable accounting standards and as permitted by Rule 10-01 of Regulation S-X, the accompanying condensed consolidated financial statements do not include all of the information and footnote disclosures that are required to be included in the Company's annual consolidated financial statements. Accordingly, the Company's quarterly condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2017.

Note 2 — New accounting standards

In May 2014, the Financial Accounting Standards Board ("FASB"), in a joint effort with the International Accounting Standards Board ("IASB"), issued new accounting guidance to clarify the principles for recognizing revenue. This new guidance, as amended by additional guidance issued in 2015 and 2016, is encompassed in FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers (“ASC 606”) and is designed to enhance the comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and affects any entity that enters into contracts with customers or enters into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards. The new guidance establishes principles for reporting information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Company adopted the new standard on January 1, 2018, applying the modified retrospective method to all of its contracts; as a result, the Company recognized the cumulative effect of adopting the guidance as a $1.2 million increase to the Company's opening balance of retained earnings on the adoption date. In addition, in connection with its adoption of the new guidance, the Company reclassified the reserve for product returns from a reduction of receivables to a liability. The reserve for returns and allowances was $4.6 million at September 30, 2018. The adoption of this guidance did not have a material impact on the Company's consolidated results of operations, cash flows and financial position. Additional information and disclosures required by this new standard are contained in Note 3.

In February 2016, the FASB issued guidance that will change the requirements for accounting for leases. Under the new guidance, lessees (including lessees under both leases classified as finance leases, which are to be classified based on criteria similar to that applicable to capital leases under current guidance, and leases classified as operating leases) will recognize a right-to-use asset and a lease liability on the balance sheet, initially measured as the present value of lease payments under the lease. Under current guidance, operating leases are not recognized on the balance sheet. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

Early adoption is permitted. The new standard must be adopted using a modified retrospective transition approach for leases, subject to an option to elect certain practical expedients. As a result, companies can elect to apply the transition approach either for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements or for leases existing at, or entered into after, the adoption date. The Company is currently evaluating this guidance to determine its impact on the Company’s consolidated results of operations, cash flows and financial position.

In October 2016, the FASB issued new guidance requiring companies to recognize the income tax effects of intra-entity sales and transfers of assets, other than inventory, in the income statement as income tax expense (or benefit) in the period in which the transfer occurs. Previously, recognition was prohibited until the assets were sold to an outside party or otherwise utilized. The Company adopted the new standard on January 1, 2018 using the modified retrospective method of adoption; as a result, the Company recognized the cumulative effect of adopting the guidance as a $1.8 million increase to the Company's opening balance of retained earnings on the adoption date. The adoption of this guidance did not have a material impact on the Company's consolidated results of operations, cash flows and financial position.

In March 2017, the FASB issued guidance for employers that sponsor defined benefit pension or other postretirement benefit plans. The guidance requires that these employers disaggregate specified components of net periodic pension cost and net periodic postretirement benefit cost (collectively, "net benefit cost"). Specifically, the guidance generally requires employers to present in the income statement the service cost component of net benefit cost in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations. The Company adopted this guidance on January 1, 2018; the impact was not material to the consolidated financial statements.

In August 2017, the FASB issued guidance with the objective of improving the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The new guidance provides for changes to current designation and measurement guidance for qualifying hedging relationships and to the method of presenting hedge results. In addition, the new guidance includes certain targeted improvements to ease the application of current guidance related to the assessment of hedge effectiveness. The new guidance is effective for reporting periods beginning after December 15, 2018, but the guidance permits early adoptions, and the Company adopted the guidance effective October 1, 2018; the adoption did not result in any cumulative-effect adjustments to retained earnings.

In February 2018, the FASB issued new guidance to address a narrow-scope financial reporting issue that arose as a consequence of the Tax Cuts and Jobs Act ("the TCJA"). Existing guidance requires that deferred tax liabilities and assets be adjusted for a change in tax laws or rates with the effect included in income from continuing operations in the reporting period that includes the enactment date. The guidance is applicable even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income (rather than in net income), such as amounts related to benefit plans and hedging activity. As a result, the tax effects of items within accumulated other comprehensive income (referred to as stranded tax effects) do not reflect the appropriate tax rate. The new guidance permits a reclassification of these amounts from accumulated other comprehensive income to retained earnings, thereby eliminating the stranded tax effects. The new guidance also requires certain disclosures about the stranded tax effects. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The new guidance can be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate under the TCJA is recognized. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.

From time to time, new accounting guidance is issued by the FASB or other standard setting bodies that is adopted by the Company as of the effective date or, in some cases where early adoption is permitted, in advance of the effective date. The Company has assessed the recently issued guidance that is not yet effective and, unless otherwise indicated above, believes the new guidance will not have a material impact on the its consolidated results of operations, cash flows or financial position.

Note 3 - Net revenues

The Company primarily generates revenue from the sale of medical devices including single use disposable devices and, to a lesser extent, reusable devices, instruments and capital equipment. Revenue is recognized when obligations under the terms of a contract with the Company's customer are satisfied; this occurs upon the transfer of control of the products. Generally, transfer of control to the customer occurs at the point in time when the Company's products are shipped from the manufacturing or distribution facility. For the Company's OEM segment, most revenue is recognized over time because the OEM segment generates revenue from the sale of custom products that have no alternative use and the Company has an enforceable right to payment to the extent that performance has been completed. The Company markets and sells products through its direct sales force and distributors to customers within the following end markets: (1) hospitals and healthcare providers; (2) other medical device manufacturers; and (3) home care providers such as pharmacies, which comprised 86%, 10% and 4% of consolidated net revenues, respectively, for the nine months ended September 30, 2018. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. With respect to the custom products sold in the OEM segment, revenue is measured using the units produced output method. Payment is generally due 30 days from the date of invoice.

The Company has made the following accounting policy elections and elected to use certain practical expedients, as permitted by the FASB, in applying ASC 606: (1) the Company accounts for amounts collected from customers for sales and other taxes, net of related amounts remitted to tax authorities; (2) the Company does not adjust the promised amount of consideration for the effects of a significant financing component because, at contract inception, the Company expects the period between the time when the Company transfers a promised good or service to the customer and the time when the customer pays for that good or service will be one year or less; (3) the Company expenses costs to obtain a contract as they are incurred if the expected period of benefit, and therefore the amortization period, is one year or less; (4) the Company accounts for shipping and handling activities that occur after control transfers to the customer as a fulfillment cost rather than an additional promised service; (5) the Company classifies shipping and handling costs within cost of goods sold; and (6) with respect to the OEM segment, the Company has applied the practical expedient to exclude disclosure of remaining performance obligations as the contracts typically have a term of one year or less.

The amount of consideration the Company receives and revenue the Company recognizes varies as a result of changes in customer sales incentives, including discounts and rebates, and returns offered to customers. The estimate of revenue is adjusted upon the earlier of the following events: (i) the most likely amount of consideration expected to be received changes or (ii) the consideration becomes fixed. The Company’s policy is to accept returns only in cases in which the product is defective and covered under the Company’s standard warranty provisions. When the Company gives customers the right to return products, the Company estimates the expected returns based on an analysis of historical experience. The reserve for returns and allowances was $4.6 million and $4.4 million as of September 30, 2018 and October 1, 2017, respectively. In estimating customer rebates, the Company considers the lag time between the point of sale and the payment of the customer’s rebate claim, customer-specific trend analyses, contractual commitments, including stated rebate rates, historical experience with respect to specific customers (as the Company has a history of providing similar rebates on similar products to similar customers) and other relevant information. The reserve for customer incentive programs, including customer rebates, was $17.1 million and $10.2 million at September 30, 2018 and October 1, 2017, respectively. The Company expects the amounts subject to the reserve as of September 30, 2018 to be paid within 90 days subsequent to period-end.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following table disaggregates revenue by global product category for the three and nine months ended September 30, 2018 and October 1, 2017.

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
Revenue by global product category (1) (2)	(Dollars in thousands)			
Vascular access	$142,712	$133,521	$427,557	$396,866
Anesthesia	87,973	87,964	263,202	255,107
Interventional	79,404	69,186	228,262	181,577
Surgical	89,910	85,210	266,049	263,254
Interventional urology	48,995	—	138,969	—
OEM	54,838	48,589	153,286	137,067
Other (3)	105,840	110,233	329,443	317,326
Net revenues	$609,672	$534,703	$1,806,768	$1,551,197

(1) The product categories listed above are presented on a global basis; in contrast, the Company’s North American reportable segments generally are defined largely based on the particular products sold by the segments, and its non-North American reportable segments are defined exclusively based on the geographic location of segment operations (with the exception of the Original Equipment and Development Services ("OEM") reportable segment, which operates globally). The Company’s EMEA and Asia reportable segments, as well as its Latin America operating segment, include net revenues from each of the product categories listed above.

(2) The methodology used to determine the product revenues included within certain of the product categories listed in the table above differs from the methodology used to classify revenues in our reportable segments, including the similarly named North American reportable segments. The differences are due to the fact that segment classification generally is determined based on the call point within the customer's organization from which the purchase order resulting in the sale originated, while the classification of products within the product categories listed in the table above includes all sales of products within the listed product category, regardless of the call point within the customer's organization from which the sale originated.

(3) Other revenues in the table above include revenues related to sales of the Company’s respiratory, urology and cardiac products.

Note 4 — Acquisitions

On October 4, 2018, the Company acquired Essential Medical, Inc., a medical device company that developed the CE marked MANTA Vascular Closure Device, which is designed for closure of large bore arteriotomies and complements the Company's interventional product portfolio. See Note 16 for additional details.

On June 21, 2018, the Company acquired certain assets of QT Vascular LTD ("QT Vascular"), a medical device company that developed and marketed coronary balloon catheters, which complement the Company's interventional product portfolio. The aggregate consideration transferred for the assets, which primarily consisted of intellectual property, was $20.6 million. The acquisition was accounted for as a business combination.

2017 Acquisitions

During 2017, the Company completed several acquisitions; the largest of which were NeoTract, Inc. ("NeoTract") and Vascular Solutions, Inc. ("Vascular Solutions"), which are summarized below. The fair value of the consideration transferred for the 2017 acquisitions was $2.0 billion.

NeoTract

On October 2, 2017, the Company acquired NeoTract, a medical device company that developed and commercialized the UroLift System, a minimally invasive medical device for treating lower urinary tract symptoms due to benign prostatic hyperplasia, or BPH. The Company made initial payments of $725.6 million in cash less a favorable working capital adjustment of $1.4 million. Additionally, the estimated fair value of contingent consideration related to NeoTract sales-based milestones as of September 30, 2018 was $229.4 million. The contingent consideration liability represents the estimated fair value of the Company's obligations, under the acquisition agreement, to make additional payments of up to $300 million in the aggregate if specified sales goals through the end of 2020 are achieved. The Company made a payment of $75.0 million during 2018 as a result of the achievement of a sales goal for the period from January 1, 2018 to April 30, 2018. NeoTract financial information is primarily presented within the Interventional U

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

rology North America operating segment, which is included in the "all other" category in the Company's presentation of segment information.

Vascular Solutions

On February 17, 2017, the Company acquired Vascular Solutions, a medical device company that developed and marketed products for use in minimally invasive coronary and peripheral vascular procedures. The aggregate consideration paid by the Company in connection with the acquisition was $975.5 million.

Pro forma combined financial information

The following unaudited pro forma combined financial information for the three and nine months ended October 1, 2017 gives effect to the Vascular Solutions and NeoTract acquisitions as if they had occurred on January 1, 2016. The pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have occurred under the ownership and management of the Company.

	Three Months Ended October 1, 2017	Nine Months Ended October 1, 2017
	(Dollars and shares in thousands, except per share)	
Net revenue	$568,437	$1,660,591
Net income	$52,909	$157,249
Basic earnings per common share:		
Net income	$1.17	$3.50
Diluted earnings per common share:		
Net income	$1.14	$3.37
Weighted average common shares outstanding:		
Basic	45,035	44,975
Diluted	46,587	46,673

The unaudited pro forma combined financial information presented above includes the accounting effects of the Vascular Solutions and NeoTract acquisitions, including, to the extent applicable, amortization charges from acquired intangible assets; adjustments for depreciation of property, plant and equipment; interest expense; and the related tax effects.

Note 5 — Restructuring and impairment charges (credits)

The following tables provide information regarding restructuring and impairment charges (credits) recognized by the Company for the three and nine months ended September 30, 2018 and October 1, 2017:

Three Months Ended September 30, 2018

	Termination benefits	Other costs (1)	Total
	(Dollars in thousands)		
2018 Footprint realignment plan	$1,119	$145	$1,264
Other restructuring programs (2)	468	232	700
Restructuring charges	$1,587	$377	$1,964
Asset impairment charges	—	17,245	17,245
Restructuring and impairment charges	$1,587	$17,622	$19,209

11

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Three Months Ended October 1, 2017

	Termination benefits	Other costs (1)	Total
	(Dollars in thousands)		
Restructuring (credits) charges (3)	$(554)	$462	$(92)

Nine Months Ended September 30, 2018

	Termination benefits	Other costs (1)	Total
	(Dollars in thousands)		
2018 Footprint realignment plan	$53,463	$275	$53,738
2016 Footprint realignment plan	2,379	417	2,796
Other restructuring programs (4)	1,318	663	1,981
Restructuring charges	$57,160	$1,355	$58,515
Asset impairment charges	—	19,110	19,110
Restructuring and impairment charges	$57,160	$20,465	$77,625

Nine Months Ended October 1, 2017

	Termination benefits	Other costs (1)	Total
	(Dollars in thousands)		
2017 Vascular Solutions integration program	$4,534	$92	$4,626
2017 EMEA restructuring program	5,822	84	5,906
2016 Footprint realignment plan	1,099	233	1,332
Other restructuring programs (5)	1,352	507	1,859
Restructuring charges	$12,807	$916	$13,723

(1) Other costs include facility closure, contract termination, and other exit costs.

(2) Other restructuring programs include the 2016 and 2014 Footprint realignment plans, the 2017 Vascular Solutions integration program, the 2017 EMEA restructuring program and the other 2016 restructuring programs.

(3) Restructuring charges (credits) include activity related to the 2017 Vascular Solutions integration program, the 2017 EMEA restructuring program, the 2016 and 2014 footprint realignment plans, the 2017 Pyng integration program and the other 2016 restructuring programs. The Company committed to the 2017 Pyng integration program, which relates to the integration of Pyng Medical Corp. ("Pyng") into the Company, during the second quarter of 2017, following the Company's acquisition of Pyng in April 2017.

(4) Other restructuring programs include the 2014 Footprint realignment plan, the 2017 Vascular Solutions integration program, the 2017 EMEA restructuring program and the other 2016 restructuring programs.

(5) Other restructuring programs include the 2014 Footprint realignment plan, the 2017 Pyng integration program and the other 2016 restructuring programs.

2018 Footprint Realignment Plan

On May 1, 2018, the Company initiated a restructuring plan involving the relocation of certain European manufacturing operations to existing lower-cost locations, the outsourcing of certain of the Company's European distribution operations and related workforce reductions (the "2018 Footprint realignment plan"). These actions are expected to be substantially completed by the end of 2024. The following table provides a summary of the Company's cost estimates by major type of expense associated with the 2018 Footprint realignment plan:

Type of expense	Total estimated amount expected to be incurred
Termination benefits	$60 million to $70 million
Other exit costs (1)	$2 million to $4 million
Restructuring charges	$62 million to $74 million
Restructuring related charges (2)	$40 million to $59 million
Total restructuring and restructuring related charges	$102 million to $133 million

12

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

(1) Includes contract termination, facility closure, employee relocation, equipment relocation and outplacement costs.

(2) Consists of pre-tax charges related to accelerated depreciation and other costs directly related to the plan, primarily project management costs and costs to transfer manufacturing operations to the new locations, as well as a charge associated with the Company's exit from the facilities that is expected to be imposed by the taxing authority in the affected jurisdiction. Excluding this tax charge, substantially all of the charges are expected to be recognized within costs of goods sold.

In addition to the restructuring charges shown in the tables above, the Company recorded restructuring related charges with respect to the 2018 Footprint realignment plan of $1.8 million and $2.8 million for the three and nine months ended September 30, 2018, respectively, within cost of goods sold.

As of September 30, 2018, the Company has a restructuring reserve of $51.6 million related to this plan, all of which related to termination benefits.

2016 Footprint Realignment Plan

In 2016, the Company initiated a restructuring plan (the "2016 Footprint realignment plan") involving the relocation of certain manufacturing operations, the relocation and outsourcing of certain distribution operations and a related workforce reduction at certain of the Company's facilities. These actions commenced in the first quarter of 2016 and are expected to be substantially completed by the end of 2018.

In addition to the restructuring charges shown in the tables above, the Company recorded restructuring related charges with respect to the 2016 Footprint realignment plan of $1.7 million and $5.1 million for the three and nine months ended September 30, 2018 and $1.4 million and $5.5 million for the three and nine months ended October 1, 2017, respectively. The majority of these restructuring related charges in both periods constituted accelerated depreciation and other costs arising principally as a result of the transfer of manufacturing operations to new locations.

The Company estimates that it will incur aggregate pre-tax restructuring and restructuring related charges in connection with the 2016 Footprint realignment plan of approximately $43 million. As of September 30, 2018, the Company has incurred aggregate restructuring charges in connection with the 2016 Footprint realignment plan of $17.4 million. Additionally, as of September 30, 2018, the Company has incurred aggregate restructuring related charges of $19.8 million with respect to the 2016 Footprint realignment plan, consisting of accelerated depreciation and certain other costs that principally resulted from the transfer of manufacturing operations to new locations. The restructuring related charges primarily were included in cost of goods sold. As of September 30, 2018, the Company has a restructuring reserve of $5.9 million related to this plan, all of which related to termination benefits.

2014 Footprint Realignment Plan

In 2014, the Company initiated a restructuring plan ("the 2014 Footprint realignment plan") involving the consolidation of operations and a related reduction in workforce at certain facilities, and the relocation of manufacturing operations from certain higher-cost locations to existing lower-cost locations. These actions commenced in the second quarter 2014 and are expected to be substantially completed by the end of the first half of 2020.

In addition to the restructuring charges set forth in the tables above, the Company recorded restructuring related charges with respect to the 2014 Footprint realignment plan of $0.8 million and $1.8 million for the three and nine months ended September 30, 2018, respectively, and $1.0 million and $3.1 million for the three and nine months ended October 1, 2017, respectively. The majority of these restructuring related charges in both periods constituted accelerated depreciation and other costs arising principally as a result of the transfer of manufacturing operations to new locations.

The Company estimates that it will incur aggregate pre-tax restructuring and restructuring related charges in connection with the 2014 Footprint realignment plan of $46 million to $51 million. As of September 30, 2018, the Company has incurred aggregate restructuring charges of $12.4 million in connection with the 2014 Footprint realignment plan. Additionally, as of September 30, 2018, the Company has incurred aggregate restructuring related charges of $28.7 million related to the 2014 Footprint realignment plan, consisting of accelerated depreciation and certain other costs that principally resulted from the transfer of manufacturing operations from the existing locations to new locations. These restructuring related charges primarily were included in cost of goods sold. As of September 30, 2018, the Company has a restructuring reserve of $3.8 million in connection with the plan, all of which related to termination benefits.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

As the restructuring programs progress, management will reevaluate the estimated expenses and charges set forth above, and may revise its estimates, as appropriate, consistent with GAAP. For additional information related to the Company's restructuring programs, see Note 4 to the Company's consolidated financial statements included in its annual report on Form 10-K for the year ended December 31, 2017.

Restructuring charges (credits) by reportable operating segment, and by all other operating segments in the aggregate, for the three and nine months ended September 30, 2018 and October 1, 2017 are set forth in the following table:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
Vascular North America	$203	$ 582	$725	$1,663
Interventional North America	(26)	(228)	881	4,178
Anesthesia North America	38	220	164	1,031
EMEA	1,520	(632)	54,310	6,483
All other	229	(34)	2,435	368
Restructuring charges	$1,964	$ (92)	$58,515	$13,723

Asset Impairment Charges

During the third quarter 2018, the Company decided to abandon certain intellectual property and other assets associated with products that will be eliminated from the Company's interventional product portfolio. As a result, the Company recognized pre-tax impairment charges of $17.2 million ($9.2 million after tax) for the three months ended September 30, 2018.

Note 6 — Inventories, net

Inventories as of September 30, 2018 and December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
	(Dollars in thousands)	
Raw materials	$105,600	$98,451
Work-in-process	65,291	62,381
Finished goods	240,175	234,912
Inventories, net	$411,066	$395,744

Note 7 — Goodwill and other intangible assets, net

The following table provides information relating to changes in the carrying amount of goodwill by reportable operating segment, and by all other operating segments in the aggregate, for the nine months ended September 30, 2018:

	Vascular North America	Interventional North America	Anesthesia North America	Surgical North America	EMEA	Asia	OEM	All Other	Total
	(Dollars in thousands)								
December 31, 2017	$264,869	$433,049	$157,289	$250,912	$494,548	$209,200	$4,883	$420,842	$2,235,592
	—	1,027	—	—	(27)	(9)	—	(413)	578

Goodwill related to acquisitions									
Currency translation adjustment	—	(1,934)	(634)	—	(7,778)	(3,079)	—	684	(12,741)
September 30, 2018	$264,869	$432,142	$156,655	$250,912	$486,743	$206,112	$4,883	$421,113	$2,223,429

14

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The Company's gross carrying amount of, and accumulated amortization relating to, intangible assets as of September 30, 2018 and December 31, 2017 were as follows:

	Gross Carrying Amount		Accumulated Amortization	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	(Dollars in thousands)			
Customer relationships	$1,020,603	$1,023,837	$(314,051)	$(281,263)
In-process research and development	29,377	34,672	—	—
Intellectual property	1,273,503	1,287,487	(305,350)	(258,580)
Distribution rights	23,637	23,697	(17,756)	(16,996)
Trade names	569,570	571,510	(33,001)	(22,069)
Non-compete agreements	23,672	23,429	(7,386)	(1,976)
	$2,940,362	$2,964,632	$(677,544)	$(580,884)

During the third quarter 2018, the Company recognized a $16.9 million pre-tax ($8.9 million after tax) impairment charge related to the abandonment of certain intellectual property intangible assets. Refer to Note 5 for additional details.

Note 8 — Financial instruments

On October 4, 2018, the Company executed cross-currency interest rate swaps to hedge against the effect of variability in the U.S. dollar to euro exchange rate. See Note 16 for additional details.

Foreign Currency Forward Contracts

The Company uses derivative instruments for risk management purposes. Foreign currency forward contracts designated as cash flow hedges are used to manage exposure related to foreign currency transactions. Foreign currency forward contracts not designated as hedges for accounting purposes are used to manage exposure related to near term foreign currency denominated monetary assets and liabilities. For the three and nine months ended September 30, 2018 the Company recognized a gain related to non-designated foreign currency forward contracts of $1.0 million and $0.3 million, respectively. For the three and nine months ended October 1, 2017, the Company recognized a loss related to non-designated foreign currency forward contracts of $0.6 million and $3.7 million, respectively.

The following table presents the locations in the condensed consolidated balance sheet and fair value of derivative financial instruments as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
	Fair Value (Dollars in thousands)	
Asset derivatives:		
Designated foreign currency forward contracts	$2,158	$ 914
Non-designated foreign currency forward contracts	175	307
Prepaid expenses and other current assets	$2,333	$ 1,221
Total asset derivatives	$2,333	$ 1,221
Liability derivatives:		
Designated foreign currency forward contracts	$572	$ 1,373

Non-designated foreign currency forward contracts	1,064	53
Other current liabilities	$1,636	$ 1,426
Total liability derivatives	$1,636	$ 1,426

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The total notional amount for all open foreign currency forward contracts designated as cash flow hedges as of September 30, 2018 and December 31, 2017 was $127.5 million and $88.5 million, respectively. The total notional amount for all open non-designated foreign currency forward contracts as of September 30, 2018 and December 31, 2017 was $124.6 million and $110.6 million, respectively. All open foreign currency forward contracts as of September 30, 2018 have durations of twelve months or less.

There was no ineffectiveness related to the Company's cash flow hedges during the three and nine months ended September 30, 2018 and October 1, 2017.

Concentration of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are generally limited due to the Company's large number of customers and their diversity across many geographic areas. However, a portion of the Company's trade accounts receivable outside the United States include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the creditworthiness of the healthcare systems in those countries and the financial stability of those countries' economies.

Certain of the Company's customers, particularly in Greece, Italy, Spain and Portugal, have extended or delayed payments for products and services already provided, raising collectability concerns regarding the Company's accounts receivable from these customers. As a result, the Company continues to closely monitor the allowance for doubtful accounts with respect to these customers. The following table provides information regarding the Company's allowance for doubtful accounts, the aggregate net current and long-term trade accounts receivable related to customers in Greece, Italy, Spain and Portugal and the percentage of the Company's total net current and long-term trade accounts receivable represented by these customers' trade accounts receivable at September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
	(Dollars in thousands)	
Allowance for doubtful accounts (1)	$9,657	$10,255
Current and long-term trade accounts receivable, net in Greece, Italy, Spain and Portugal (2)	$51,468	$49,054
Percentage of total net current and long-term trade accounts receivable - Greece, Italy, Spain and Portugal	14.1 %	14.6 %

(1) The current portion of the allowance for doubtful accounts was $3.9 million and $3.5 million as of September 30, 2018 and December 31, 2017, respectively, and was recognized in accounts receivable, net.

(2) The long-term portion of trade accounts receivable, net from customers in Greece, Italy, Spain and Portugal at September 30, 2018 and December 31, 2017 was $4.2 million and $3.3 million, respectively.

For the nine months ended September 30, 2018 and October 1, 2017, net revenues from customers in Greece, Italy, Spain and Portugal were $107.7 million and $96.0 million, respectively.

Note 9 — Fair value measurement

For a description of the fair value hierarchy, see Note 10 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2017.

The following tables provide information regarding the Company's financial assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2018 and December 31, 2017:

	Total carrying value at September 30,	Quoted prices in active markets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)

	2018			
	(Dollars in thousands)			
Investments in marketable securities	$9,849	$ 9,849	$ —	$ —
Derivative assets	2,333	—	2,333	—
Derivative liabilities	1,636	—	1,636	—
Contingent consideration liabilities	244,574	—	—	244,574

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Total carrying value at December 31, 2017	Quoted prices in active markets (Level 1)	Significant other observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
	(Dollars in thousands)			
Investments in marketable securities	$9,045	$ 9,045	$ —	$ —
Derivative assets	1,221	—	1,221	—
Derivative liabilities	1,426	—	1,426	—
Contingent consideration liabilities	272,136	—	—	272,136

There were no transfers of financial assets or liabilities reported at fair value among Level 1, Level 2 or Level 3 within the fair value hierarchy during the nine months ended September 30, 2018.

Valuation Techniques

The Company's financial assets valued based upon Level 1 inputs are comprised of investments in marketable securities held in trust, which are available to satisfy benefit obligations under Company benefit plans and other arrangements. The investment assets of the trust are valued using quoted market prices.

The Company's financial assets and liabilities valued based upon Level 2 inputs are comprised of foreign currency forward contracts. The Company uses foreign currency forward contracts to manage foreign currency transaction exposure as well as exposure to foreign currency denominated monetary assets and liabilities. The Company measures the fair value of the foreign currency forward contracts by calculating the amount required to enter into offsetting contracts with similar remaining maturities as of the measurement date, based on quoted market prices, and taking into account the creditworthiness of the counterparties.

The Company's financial liabilities valued based upon Level 3 inputs are comprised of contingent consideration arrangements pertaining to the Company's acquisitions, which are discussed immediately below.

Contingent consideration

As of September 30, 2018, the Company estimates that contingent consideration payments will occur in 2018 through 2029, and the maximum amount of undiscounted payments the Company could make under contingent consideration arrangements is $325 million. The contingent consideration liabilities, which primarily consist of Company obligations payable if specified net sales goals are achieved, are remeasured to fair value each reporting period using assumptions including estimated revenues (based on internal operational budgets and long-range strategic plans), discount rates, probability of payment and projected payment dates.

The contingent consideration fair value measurement is based on significant inputs not observable in the market and therefore constitute Level 3 inputs within the fair value hierarchy. The contingent consideration liability related to the NeoTract acquisition represents the estimated fair value of the Company's obligations to make additional payments of up to $300 million in the aggregate if specified sales goals are achieved. Specifically, the payments are based on net sales (as defined in the NeoTract acquisition agreement) for the years ended December 31, 2018, 2019 and 2020. The fair value of the contingent consideration related to the NeoTract acquisition was estimated using a Monte Carlo valuation approach, which simulates future revenues during the earn out-period using management's best estimates. The Company determines the value of its other contingent consideration liabilities based on a probability-weighted discounted cash flow analysis. Increases in projected revenues and probabilities of payment may result in significantly higher fair value measurements; decreases in these items may have the opposite effect. Increases in the discount rates may result in significantly lower fair value measurements; decreases in the discount rates may have the opposite effect.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The table below provides additional information regarding the valuation technique and inputs used in determining the fair value of contingent consideration recognized in connection with the NeoTract acquisition.

	Valuation Technique	Unobservable Input	Range	
Contingent consideration	Monte Carlo simulation	Revenue volatility	24.1	%
		Risk free rate	Cost of debt structure	
		Projected year of payment	2019 - 2021	

The following table provides information regarding changes, during the nine months ended September 30, 2018, in Level 3 financial liabilities related to contingent consideration:

	Contingent consideration 2018 (Dollars in thousands)	
Balance - December 31, 2017	$ 272,136	
Additions (1)	396	
Payments (2)	(75,252	)
Revaluations	47,344	
Translation adjustment	(50	)
Balance - September 30, 2018	$ 244,574	

(1) The Company established a liability related to the estimated fair value of contingent consideration associated with the acquired assets from QT Vascular.
(2) Consists mainly of a $75.0 million payment resulting from the achievement of a sales goal associated with the NeoTract acquisition for the period from January 1, 2018 to April 30, 2018.

Note 10 — Shareholders' equity

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in the same manner except that the weighted average number of shares is increased to include dilutive securities. The following table provides a reconciliation of basic to diluted weighted average number of common shares outstanding:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Shares in thousands)			
Basic	45,851	45,035	45,587	44,975
Dilutive effect of share-based awards	919	934	1,007	873
Dilutive effect of convertible notes and warrants	45	618	191	825
Diluted	46,815	46,587	46,785	46,673

The weighted average number of shares that were antidilutive and therefore excluded from the calculation of earnings per share were 0.7 million for the three and nine months ended September 30, 2018 and 0.6 million for the three and nine months ended October 1, 2017.

In connection with the issuance by the Company in 2010 of $400 million principal amount of convertible notes that matured in August 2017, and as part of hedging arrangements between the Company and two institutional counterparties, the Company issued warrants to the counterparties, entitling them to purchase Company common stock. These transactions are described in greater detail in Note 11 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. At September 30, 2018, all of the warrants either (a) were canceled as a result of warrant unwind agreements between the Company and the counterparties or (b) were exercised by the counterparties.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

The following tables provide information relating to the changes in accumulated other comprehensive loss, net of tax, for the nine months ended September 30, 2018 and October 1, 2017:

	Cash Flow Hedges	Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive (Loss) Income
	(Dollars in thousands)			
Balance as of December 31, 2017	$340	$ (138,808)	$(126,623)	$ (265,091)
Other comprehensive income (loss) before reclassifications	2,816	127	(30,130)	(27,187)
Amounts reclassified from accumulated other comprehensive income	(873)	3,984	—	3,111
Net current-period other comprehensive income (loss)	1,943	4,111	(30,130)	(24,076)
Balance as of September 30, 2018	$2,283	$ (134,697)	$(156,753)	$ (289,167)

	Cash Flow Hedges	Pension and Other Postretirement Benefit Plans	Foreign Currency Translation Adjustment	Accumulated Other Comprehensive (Loss) Income
	(Dollars in thousands)			
Balance as of December 31, 2016	$(2,424)	$ (136,596)	$(299,697)	$ (438,717)
Other comprehensive (loss) before reclassifications	3,383	(1,050)	156,012	158,345
Amounts reclassified from accumulated other comprehensive loss	1,535	3,387	—	4,922
Net current-period other comprehensive income	4,918	2,337	156,012	163,267
Balance as of October 1, 2017	$2,494	$ (134,259)	$(143,685)	$ (275,450)

The following table provides information relating to the location in the statements of operations and amount of reclassifications of losses/(gains) in accumulated other comprehensive (loss) income into expense/(income), net of tax, for the three and nine months ended September 30, 2018 and October 1, 2017:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
(Gains) losses on foreign exchange contracts:				
Cost of goods sold	$(87)	$(1,179)	$(1,038)	$1,769
Total before tax	(87)	(1,179)	(1,038)	1,769
Taxes (benefit)	25	237	165	(234)
Net of tax	$(62)	$(942)	$(873)	$1,535
Amortization of pension and other postretirement benefit items (1):				
Actuarial losses	$1,640	$1,723	$5,120	$5,176
Prior-service costs	24	20	71	79
Total before tax	1,664	1,743	5,191	5,255
Tax benefit	(388)	(619)	(1,207)	(1,868)

Net of tax	$1,276	$1,124	$3,984	$3,387
Total reclassifications, net of tax	$1,214	$182	$3,111	$4,922

(1) These accumulated other comprehensive (loss) income components are included in the computation of net benefit expense for pension

19

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

and other postretirement benefit plans (see Note 12 for additional information).

Note 11 — Taxes on income from continuing operations

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
Effective income tax rate	(2.3)%	11.2%	11.8%	8.9%

The Tax Cuts and Jobs Act (the "TCJA") was enacted on December 22, 2017. The legislation significantly changed U.S. tax law by, among other things, permanently reducing corporate income tax rates from a maximum of 35% to 21%, effective January 1, 2018; implementing a territorial tax system, by generally providing for, among other things, a dividends received deduction on the foreign source portion of dividends received from a foreign corporation if specified conditions are met; and imposing a one-time repatriation tax on undistributed post-1986 foreign subsidiary earnings and profits, which are deemed repatriated for purposes of the tax. In addition, the TCJA imposes two new U.S. tax base erosion provisions: (1) the global intangible low-taxed income ("GILTI") provisions and (2) the base erosion and anti-abuse tax ("BEAT") provisions, which are explained in more detail in Note 13 to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2017. In accordance with the applicable provisions of SEC Staff Accounting Bulletin No. 118, the Company included in its consolidated financial statements as of December 31, 2017 provisional amounts reflecting the tax impact related to deemed repatriated earnings and the revaluation of deferred tax assets and liabilities. During the third quarter of 2018, the Company recorded a $2.1 million tax benefit to adjust its initial provisional estimates for the TCJA in its provision for income taxes. The adjustment specifically related to the Company's initial estimate of the revaluation of certain deferred tax balances as a result of the reduced corporate income tax rate. To date, the Company has not made any other significant changes to its initial provisional estimates included in its consolidated financial statements as of December 31, 2017 and continues to evaluate the impact of the TCJA. Once the Company's accounting for the income tax effects of the TCJA is complete, the amounts with respect to the income tax effects of the TCJA may differ from the provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the TCJA.

The effective income tax rate for the three and nine months ended September 30, 2018 was (2.3)% and 11.8%, respectively, and was 11.2% and 8.9% for the three and nine months ended October 1, 2017, respectively. The effective income tax rate for the three and nine months ended September 30, 2018 as compared to the prior year periods reflects impacts of the TCJA, including the benefit of a lower U.S. corporate tax rate of 21.0% from the enactment of the TCJA, partially offset by a tax cost associated with GILTI. In addition, the effective tax rate for the three and nine months ended September 30, 2018 includes a tax benefit associated with the asset impairment charges described in Note 5, excess tax benefits associated with share based payments, and a non-deductible contingent consideration expense recognized in connection with an increase in the fair value of the NeoTract contingent consideration liability. The income tax rate for the nine months ended September 30, 2018 as compared to the prior year period reflects non-deductible termination benefits and other costs incurred in connection with the 2018 Footprint realignment plan. The effective tax rate for the nine months ended October 1, 2017 reflected a tax benefit associated with costs incurred in connection with the Vascular Solutions acquisition.

Note 12 — Pension and other postretirement benefits

The Company has a number of defined benefit pension and postretirement plans covering eligible U.S. and non-U.S. employees. As of September 30, 2018, no further benefits are being accrued under the Company's U.S. defined benefit pension plans and the Company's other postretirement benefit plans, other than certain postretirement benefit plans covering employees subject to a collective bargaining agreement.

20

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Net pension and other postretirement benefits expense (income) consist of the following:

	Pension Three Months Ended		Other Postretirement Benefits Three Months Ended		Pension Nine Months Ended		Other Postretirement Benefits Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)							
Service cost	$380	$725	$(66)	$61	$1,135	$2,162	$38	$210
Interest cost	3,681	3,773	285	426	11,119	11,347	1,042	1,183
Expected return on plan assets	(7,423)	(6,607)	—	—	(22,260)	(20,100)	—	—
Net amortization and deferral	1,687	1,668	(23)	75	5,090	5,049	101	206
Net benefits expense (income)	$(1,675)	$(441)	$196	$562	$(4,916)	$(1,542)	$1,181	$1,599

Note 13 — Commitments and contingent liabilities

Environmental: The Company is subject to contingencies as a result of environmental laws and regulations that in the future may require the Company to take further action to correct the effects on the environment of prior disposal practices or releases of chemical or petroleum substances by the Company or other parties. Much of this liability results from the U.S. Comprehensive Environmental Response, Compensation and Liability Act, often referred to as Superfund, the U.S. Resource Conservation and Recovery Act and similar state laws. These laws require the Company to undertake certain investigative and remedial activities at sites where the Company conducts or once conducted operations or at sites where Company-generated waste was disposed.

Remediation activities vary substantially in duration and cost from site to site. These activities, and their associated costs, depend on the mix of unique site characteristics, evolving remediation technologies, the regulatory agencies involved and their enforcement policies, as well as the presence or absence of other potentially responsible parties. At September 30, 2018, the Company has recorded $1.0 million and $5.5 million in accrued liabilities and other liabilities, respectively, relating to these matters. Considerable uncertainty exists with respect to these liabilities and, if adverse changes in circumstances occur, the potential liability may exceed the amount accrued as of September 30, 2018. The time frame over which the accrued amounts may be paid out, based on past history, is estimated to be 15-20 years.

Litigation: The Company is a party to various lawsuits and claims arising in the normal course of business. These lawsuits and claims include actions involving product liability, product warranty, commercial disputes, intellectual property, contract, employment, environmental and other matters. As of September 30, 2018, the Company has recorded accrued liabilities of $1.8 million in connection with such contingencies, representing its best estimate of the cost within the range of estimated possible losses that will be incurred to resolve these matters.

Based on information currently available, advice of counsel, established reserves and other resources, the Company does not believe that the outcome of any outstanding litigation and claims is likely to be, individually or in the aggregate, material to its business, financial condition, results of operations or liquidity. However, in the event of unexpected further developments, it is possible that the ultimate resolution of these matters, or other similar matters, if unfavorable, may be materially adverse to the Company’s business, financial condition, results of operations or liquidity. Legal costs such as outside counsel fees and expenses are charged to selling, general and administrative expenses in the period incurred.

Tax audits and examinations: The Company and its subsidiaries are routinely subject to tax examinations by various tax authorities. As of September 30, 2018, the most significant tax examinations in process are in Germany and Italy.

The Company may establish reserves with respect to its uncertain tax positions, after which it adjusts the reserves to address developments with respect to its uncertain tax positions, including developments in these tax examinations. Accordingly, developments in tax audits and examinations, including resolution of uncertain tax positions, could result in increases or decreases to the Company's recorded tax liabilities, which could impact the Company's financial results.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Other: The Company has various purchase commitments for materials, supplies and other items occurring in the ordinary conduct of its business. On average, such commitments are not at prices in excess of current market prices.

Note 14 — Segment information

Following the Company's acquisition of Vascular Solutions, the Company commenced an integration program under which it is combining the Vascular Solutions' business with some of its legacy businesses. As a result, effective during the fourth quarter 2017, the Company realigned its operating segments. The changes to the operating segments were also made to reflect the manner in which the Company’s chief operating decision maker assesses business performance and allocates resources. The Company now has the following seven reportable segments: Vascular North America, Interventional North America, Anesthesia North America, Surgical North America, Europe, Middle East and Africa ("EMEA"), Asia and Original Equipment and Development Services ("OEM"). In connection with the presentation of segment information, the Company will continue to present certain operating segments, which currently include the Interventional Urology North America, Respiratory North America and Latin America operating segments, in the “all other” category because separate information with regard to each of these operating segments is not material. All prior comparative periods presented have been restated to reflect these changes.

The following tables present the Company’s segment results for the three and nine months ended September 30, 2018 and October 1, 2017:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
Vascular North America	$80,719	$75,065	$243,829	$232,872
Interventional North America	66,726	60,719	191,878	159,002
Anesthesia North America	53,160	50,819	154,215	148,107
Surgical North America	42,545	40,804	123,930	131,464
EMEA	139,541	137,034	452,826	409,077
Asia	76,544	74,202	207,201	190,368
OEM	54,838	48,589	153,286	137,067
All other	95,599	47,471	279,603	143,240
Net revenues	$609,672	$534,703	$1,806,768	$1,551,197

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
Vascular North America	$24,287	$17,803	$73,585	$54,565
Interventional North America	17,142	12,485	47,772	13,265
Anesthesia North America	16,811	15,084	48,860	48,444
Surgical North America	15,906	13,618	47,709	47,285
EMEA	21,916	24,198	80,221	69,102
Asia	20,834	20,427	54,948	50,252
OEM	15,049	12,256	37,617	31,714
All other	(5,587)	7,290	(43,162)	25,634
Total segment operating profit [(1)]	126,358	123,161	347,550	340,261
Unallocated expenses [(2)]	(44,253)	(12,807)	(145,112)	(58,886)
	$82,105	$110,354	$202,438	$281,375

Income from continuing operations before interest, loss on extinguishment of debt and taxes

22

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

(1) Segment operating profit includes segment net revenues from external customers reduced by the segment's standard cost of goods sold, adjusted for fixed manufacturing cost absorption variances, selling, general and administrative expenses, research and development expenses and an allocation of corporate expenses. Corporate expenses are allocated among the segments in proportion to the respective amounts of one of several items (such as net revenues, numbers of employees, and amount of time spent), depending on the category of expense involved.

(2) Unallocated expenses primarily include manufacturing variances other than fixed manufacturing cost absorption variances, restructuring charges and gain on sale of assets.

The following table provides total net revenues by geographic region (based on the Company's selling location) for the three and nine months ended September 30, 2018 and October 1, 2017:

	Three Months Ended		Nine Months Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
	(Dollars in thousands)			
United States	$365,271	$306,763	$1,066,095	$903,201
Europe	160,498	148,808	500,697	434,223
Asia	60,414	59,169	170,458	156,074
All other	23,489	19,963	69,518	57,699
Net revenues	$609,672	$534,703	$1,806,768	$1,551,197

23

Note 15 — Condensed consolidating guarantor financial information

The Company’s $250 million principal amount of 5.25% Senior Notes due 2024 (the “2024 Notes”), $400 million principal amount of 4.875% Senior Notes due 2026 (the “2026 Notes”) and $500 million principal amount of 4.625% Senior Notes due 2027 (the “2027 Notes," and collectively with the 2024 Notes and the 2026 Notes, the "Senior Notes") are issued by Teleflex Incorporated (the “Parent Company”), and payment of the Parent Company's obligations under the Senior Notes are guaranteed, jointly and severally, by certain of the Parent Company’s subsidiaries (each, a “Guarantor Subsidiary” and collectively, the “Guarantor Subsidiaries”). The 2024 Notes, 2026 Notes and 2027 Notes are guaranteed by the same Guarantor Subsidiaries. The guarantees are full and unconditional, subject to certain customary release provisions. Each Guarantor Subsidiary is directly or indirectly 100% owned by the Parent Company. The Company’s condensed consolidating statements of income and comprehensive income for the three and nine months ended September 30, 2018 and October 1, 2017, condensed consolidating balance sheets as of September 30, 2018 and December 31, 2017 and condensed consolidating statements of cash flows for the nine months ended September 30, 2018 and October 1, 2017, provide consolidated information for:

a. Parent Company, the issuer of the guaranteed obligations;
b. Guarantor Subsidiaries, on a combined basis;
c. Non-Guarantor Subsidiaries (i.e., those subsidiaries of the Parent Company that have not guaranteed payment of the Senior Notes), on a combined basis; and
d. Parent Company and its subsidiaries on a consolidated basis.

The same accounting policies as described in Note 1 to the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 are used by the Parent Company and each of its subsidiaries in connection with the condensed consolidating financial information, except for the use of the equity method of accounting to reflect ownership interests in subsidiaries, which are eliminated upon consolidation. Consolidating entries and eliminations in the following condensed consolidated financial statements represent adjustments to (a) eliminate intercompany transactions between or among the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries, (b) eliminate the investments in subsidiaries and (c) record consolidating entries.

During the first quarter 2018, a Guarantor Subsidiary merged with and into Parent; the transaction was reflected as of the beginning of the earliest period presented in the condensed consolidating financial statements.

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

TELEFLEX INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three Months Ended September 30, 2018				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net revenues	$—	$ 398,961	$ 322,010	$ (111,299)	$ 609,672
Cost of goods sold	—	232,209	146,301	(111,411)	267,099
Gross profit	—	166,752	175,709	112	342,573
Selling, general and administrative expenses	11,347	130,773	72,796	(22)	214,894
Research and development expenses	378	19,482	6,505	—	26,365
Restructuring charges	—	17,128	2,081	—	19,209
(Loss) income from continuing operations before interest and taxes	(11,725)	(631)	94,327	134	82,105
Interest, net	25,191	1,057	603	—	26,851
(Loss) income from continuing operations before taxes	(36,916)	(1,688)	93,724	134	55,254
(Benefit) taxes on (loss) income from continuing operations	(13,449)	(2,562)	14,712	13	(1,286)
Equity in net income of consolidated subsidiaries	80,007	68,943	372	(149,322)	—
Income from continuing operations	56,540	69,817	79,384	(149,201)	56,540
Operating loss from discontinued operations	(83)	—	—	—	(83)
Tax benefit on loss from discontinued operations	(67)	—	—	—	(67)
Loss from discontinued operations	(16)	—	—	—	(16)
Net income	56,524	69,817	79,384	(149,201)	56,524
Other comprehensive income	17,253	14,107	16,947	(31,054)	17,253
Comprehensive income	$ 73,777	$ 83,924	$ 96,331	$ (180,255)	$ 73,777

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Three Months Ended October 1, 2017				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net revenues	$—	$ 335,051	$ 303,676	$ (104,024)	$ 534,703
Cost of goods sold	—	194,262	149,302	(104,088)	239,476
Gross profit	—	140,789	154,374	64	295,227
Selling, general and administrative expenses	10,536	89,315	64,046	(126)	163,771
Research and development expenses	220	14,788	6,186	—	21,194
Restructuring charges	—	552	(644)	—	(92)
(Loss) income from continuing operations before interest, extinguishment of debt and taxes	(10,756)	36,134	84,786	190	110,354
Interest, net	29,231	(9,102)	849	—	20,978
(Loss) income from continuing operations before taxes	(39,987)	45,236	83,937	190	89,376
(Benefit) taxes on (loss) income from continuing operations	(21,968)	14,576	17,364	6	9,978
Equity in net income of consolidated subsidiaries	97,417	61,027	257	(158,701)	—
Income from continuing operations	79,398	91,687	66,830	(158,517)	79,398
Operating loss from discontinued operations	(3,749)	—	—	—	(3,749)
Tax benefit on loss from discontinued operations	(1,366)	—	—	—	(1,366)
Loss from discontinued operations	(2,383)	—	—	—	(2,383)
Net income	77,015	91,687	66,830	(158,517)	77,015
Other comprehensive income	43,845	30,196	56,286	(86,482)	43,845
Comprehensive income	$ 120,860	$ 121,883	$ 123,116	$ (244,999)	$ 120,860

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Nine Months Ended September 30, 2018				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net revenues	$—	$1,169,684	$ 968,298	$(331,214)	$1,806,768
Cost of goods sold	—	681,300	431,841	(324,994)	788,147
Gross profit	—	488,384	536,457	(6,220)	1,018,621
Selling, general and administrative expenses	32,958	401,252	226,290	(352)	660,148
Research and development expenses	1,094	57,668	19,648	—	78,410
Restructuring and impairment charges	—	20,581	57,044	—	77,625
(Loss) income from continuing operations before interest and taxes	(34,052)	8,883	233,475	(5,868)	202,438
Interest, net	72,120	5,066	1,801	—	78,987
(Loss) income from continuing operations before taxes	(106,172)	3,817	231,674	(5,868)	123,451
(Benefit) taxes on (loss) income from continuing operations	(39,859)	11,347	44,134	(1,090)	14,532
Equity in net income of consolidated subsidiaries	176,511	170,276	1,007	(347,794)	—
Income from continuing operations	110,198	162,746	188,547	(352,572)	108,919
Operating (loss) income from discontinued operations	(33)	—	1,279	—	1,246
Tax benefit on loss from discontinued operations	(47)	—	—	—	(47)
Income from discontinued operations	14	—	1,279	—	1,293
Net income	110,212	162,746	189,826	(352,572)	110,212
Other comprehensive loss	(24,076)	(30,691)	(26,551)	57,242	(24,076)
Comprehensive income	$86,136	$132,055	$ 163,275	$(295,330)	$86,136

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Nine Months Ended October 1, 2017				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net revenues	$—	$989,314	$ 876,968	$(315,085)	$1,551,197
Cost of goods sold	—	576,465	445,638	(311,977)	710,126
Gross profit	—	412,849	431,330	(3,108)	841,071
Selling, general and administrative expenses	38,523	278,529	169,224	398	486,674
Research and development expenses	719	39,568	19,012	—	59,299
Restructuring charges	—	7,261	6,462	—	13,723
(Loss) income from continuing operations before interest, extinguishment of debt and taxes	(39,242)	87,491	236,632	(3,506)	281,375
Interest, net	80,737	(25,245)	2,776	—	58,268
Loss on extinguishment of debt	5,593	—	—	—	5,593
(Loss) income from continuing operations before taxes	(125,572)	112,736	233,856	(3,506)	217,514
(Benefit) taxes on (loss) income from continuing operations	(57,679)	33,873	43,803	(593)	19,404
Equity in net income of consolidated subsidiaries	266,003	175,690	713	(442,406)	—
Income from continuing operations	198,110	254,553	190,766	(445,319)	198,110
Operating loss from discontinued operations	(4,597)	—	—	—	(4,597)
Tax benefit on loss from discontinued operations	(1,675)	—	—	—	(1,675)
Loss from discontinued operations	(2,922)	—	—	—	(2,922)
Net income	195,188	254,553	190,766	(445,319)	195,188
Other comprehensive income	163,267	147,727	179,561	(327,288)	163,267
Comprehensive income	$358,455	$402,280	$ 370,327	$(772,607)	$358,455

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

TELEFLEX INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS

	September 30, 2018				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
ASSETS					
Current assets					
Cash and cash equivalents	$47,766	$1,288	$ 307,222	$—	$356,276
Accounts receivable, net	2,932	55,452	310,942	5,015	374,341
Accounts receivable from consolidated subsidiaries	24,606	994,236	351,740	(1,370,582)	—
Inventories, net	—	245,600	197,784	(32,318)	411,066
Prepaid expenses and other current assets	14,379	12,409	24,403	3,982	55,173
Prepaid taxes	33,766	—	6,949	—	40,715
Assets held for sale	—	3,239	—	—	3,239
Total current assets	123,449	1,312,224	1,199,040	(1,393,903)	1,240,810
Property, plant and equipment, net	3,177	238,079	180,009	—	421,265
Goodwill	—	1,245,455	977,974	—	2,223,429
Intangibles assets, net	95	1,274,994	987,729	—	2,262,818
Investments in consolidated subsidiaries	5,929,366	1,673,596	20,625	(7,623,587)	—
Deferred tax assets	—	—	4,589	(2,284)	2,305
Notes receivable and other amounts due from consolidated subsidiaries	2,265,457	2,445,390	—	(4,710,847)	—
Other assets	30,226	6,057	13,810	—	50,093
Total assets	$8,351,770	$8,195,795	$ 3,383,776	$(13,730,621)	$6,200,720
LIABILITIES AND EQUITY					
Current liabilities					
Current borrowings	$27,250	$—	$ 50,000	$—	$77,250
Accounts payable	4,254	54,791	38,583	—	97,628
Accounts payable to consolidated subsidiaries	1,024,109	280,381	66,092	(1,370,582)	—
Accrued expenses	17,966	36,206	51,412	—	105,584
Current portion of contingent consideration	—	101,573	1,091	—	102,664
Payroll and benefit-related liabilities	18,184	31,405	44,543	—	94,132
Accrued interest	20,595	—	28	—	20,623
Income taxes payable	—	—	14,437	(1,090)	13,347
Other current liabilities	1,637	33,589	2,839	—	38,065
Total current liabilities	1,113,995	537,945	269,025	(1,371,672)	549,293
Long-term borrowings	2,075,834	—	—	—	2,075,834
Deferred tax liabilities	92,270	264,288	251,808	(2,284)	606,082
Pension and postretirement benefit liabilities	49,853	32,019	17,478	—	99,350
Noncurrent liability for uncertain tax positions	1,986	8,352	2,832	—	13,170
Notes payable and other amounts due to consolidated subsidiaries	2,370,469	2,135,450	204,928	(4,710,847)	—

Noncurrent contingent consideration	—	131,578	10,332	—	141,910
Other liabilities	140,298	9,026	58,692	—	208,016
Total liabilities	5,844,705	3,118,658	815,095	(6,084,803)	3,693,655
Total shareholders' equity	2,507,065	5,077,137	2,568,681	(7,645,818)	2,507,065
Total liabilities and shareholders' equity	$8,351,770	$8,195,795	$3,383,776	$(13,730,621)	$6,200,720

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	December 31, 2017				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
ASSETS					
Current assets					
Cash and cash equivalents	$37,803	$8,933	$ 286,822	$—	$ 333,558
Accounts receivable, net	2,414	57,818	280,980	4,663	345,875
Accounts receivable from consolidated subsidiaries	14,478	1,177,246	343,115	(1,534,839)	—
Inventories, net	—	245,533	176,490	(26,279)	395,744
Prepaid expenses and other current assets	14,874	9,236	19,790	3,982	47,882
Prepaid taxes	—	—	5,748	—	5,748
Total current assets	69,569	1,498,766	1,112,945	(1,552,473)	1,128,807
Property, plant and equipment, net	2,088	213,663	167,248	—	382,999
Goodwill	—	1,246,144	989,448	—	2,235,592
Intangibles assets, net	—	1,355,275	1,028,473	—	2,383,748
Investments in consolidated subsidiaries	5,806,244	1,674,077	19,620	(7,499,941)	—
Deferred tax assets	—	—	6,071	(2,261)	3,810
Notes receivable and other amounts due from consolidated subsidiaries	2,452,101	2,231,832	—	(4,683,933)	—
Other assets	31,173	6,397	8,966	—	46,536
Total assets	$8,361,175	$8,226,154	$ 3,332,771	$(13,738,608)	$ 6,181,492
LIABILITIES AND EQUITY					
Current liabilities					
Current borrowings	$36,625	$—	$ 50,000	$—	$ 86,625
Accounts payable	4,269	46,992	40,766	—	92,027
Accounts payable to consolidated subsidiaries	1,211,568	261,121	62,150	(1,534,839)	—
Accrued expenses	17,957	31,827	47,069	—	96,853
Current portion of contingent consideration	—	74,224	—	—	74,224
Payroll and benefit-related liabilities	21,145	44,009	42,261	—	107,415
Accrued interest	6,133	—	32	—	6,165
Income taxes payable	4,352	—	7,162	—	11,514
Other current liabilities	1,461	3,775	3,817	—	9,053
Total current liabilities	1,303,510	461,948	253,257	(1,534,839)	483,876
Long-term borrowings	2,162,927	—	—	—	2,162,927
Deferred tax liabilities	88,512	265,426	251,999	(2,261)	603,676
Pension and postretirement benefit liabilities	70,860	32,750	17,800	—	121,410
Noncurrent liability for uncertain tax positions	1,117	8,196	2,983	—	12,296
Notes payable and other amounts due to consolidated subsidiaries	2,155,146	2,320,611	208,176	(4,683,933)	—
Noncurrent contingent consideration	—	186,923	10,989	—	197,912
Other liabilities	148,572	7,850	12,442	—	168,864
Total liabilities	5,930,644	3,283,704	757,646	(6,221,033)	3,750,961
Total shareholders' equity	2,430,531	4,942,450	2,575,125	(7,517,575)	2,430,531

Total liabilities and shareholders' equity	$8,361,175	$8,226,154	$ 3,332,771	$(13,738,608)	$6,181,492

30

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

TELEFLEX INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2018				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net cash (used in) provided by operating activities from continuing operations	$(202,209)	$ 382,389	$ 268,390	$ (145,626)	$ 302,944
Cash flows from investing activities of continuing operations:					
Expenditures for property, plant and equipment	(1,524)	(23,686)	(30,541)	—	(55,751)
Proceeds from sale of investments	28,239	—	—	(28,239)	—
Payments for businesses and intangibles acquired, net of cash acquired	(100)	1,404	(23,854)	—	(22,550)
Net cash provided by (used in) investing activities from continuing operations	26,615	(22,282)	(54,395)	(28,239)	(78,301)
Cash flows from financing activities of continuing operations:					
Reduction in borrowings	(98,500)	—	—	—	(98,500)
Debt extinguishment, issuance and amendment fees	(188)	—	—	—	(188)
Net proceeds from share based compensation plans and the related tax impacts	18,666	—	—	—	18,666
Payments for contingent consideration	—	(73,152)	—	—	(73,152)
Dividends paid	(46,526)	—	—	—	(46,526)
Intercompany transactions	312,806	(294,600)	(46,445)	28,239	—
Intercompany dividends paid	—	—	(145,626)	145,626	—
Net cash provided by (used in) financing activities from continuing operations	186,258	(367,752)	(192,071)	173,865	(199,700)
Cash flows from discontinued operations:					
Net cash used in operating activities	(701)	—	—	—	(701)
Net cash used in discontinued operations	(701)	—	—	—	(701)
Effect of exchange rate changes on cash and cash equivalents	—	—	(1,524)	—	(1,524)
Net increase (decrease) in cash and cash equivalents	9,963	(7,645)	20,400	—	22,718
Cash and cash equivalents at the beginning of the period	37,803	8,933	286,822	—	333,558
Cash and cash equivalents at the end of the period	$47,766	$ 1,288	$ 307,222	$—	$ 356,276

TELEFLEX INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Nine Months Ended October 1, 2017				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Condensed Consolidated
	(Dollars in thousands)				
Net cash (used in) provided by operating activities from continuing operations	$(156,643)	$300,961	$237,308	$(61,918)	$319,708
Cash flows from investing activities of continuing operations:					
Expenditures for property, plant and equipment	(233)	(27,527)	(26,217)	—	(53,977)
Proceeds from sale of assets	464,982	—	6,332	(464,982)	6,332
Payments for businesses and intangibles acquired, net of cash acquired	(975,524)	—	(35,187)	—	(1,010,711)
Net cash used in investing activities from continuing operations	(510,775)	(27,527)	(55,072)	(464,982)	(1,058,356)
Cash flows from financing activities of continuing operations:					
Proceeds from new borrowings	1,963,500	—	—	—	1,963,500
Reduction in borrowings	(747,576)	—	—	—	(747,576)
Debt extinguishment, issuance and amendment fees	(19,114)	—	—	—	(19,114)
Net proceeds from share based compensation plans and the related tax impacts	4,739	—	—	—	4,739
Payments for contingent consideration	—	(245)	—	—	(245)
Dividends paid	(45,905)	—	—	—	(45,905)
Intercompany transactions	(456,468)	474,192	(482,706)	464,982	—
Intercompany dividends paid	—	—	(61,918)	61,918	—
Net cash provided by (used in) financing activities from continuing operations	699,176	473,947	(544,624)	526,900	1,155,399
Cash flows from discontinued operations:					
Net cash used in operating activities	(1,140)	—	—	—	(1,140)
Net cash used in discontinued operations	(1,140)	—	—	—	(1,140)
Effect of exchange rate changes on cash and cash equivalents	—	—	58,173	—	58,173
Net increase (decrease) in cash and cash equivalents	30,618	747,381	(304,215)	—	473,784
Cash and cash equivalents at the beginning of the period	14,571	1,031	528,187		