

IntriCon Corporation Investor Presentation

Mark Gorder, President and Chief Executive Officer
Scott Longval, Chief Financial Officer



Safe Harbor Statement

Forward-looking statements contained in this presentation are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The statements can be identified by words such as “may,” “will,” “expect,” “believe,” “anticipate,” “estimate,” “continue” or other similar expressions. There are certain important factors that could cause results to differ materially from those anticipated by the forward-looking statements made herein. Reference is made to the company’s Annual Report on Form 10-K for the year ended December 31, 2009 for further information on such risk factors.

Company Information

NASDAQ
Ticker

- IIN

Founded

- 1977

Business

- Design, develop and manufacture body-worn devices

Revenue /
Market Cap

- \$55 Million / \$25 Million

Employees

- 500 employees at facilities located in the US, Europe and Asia

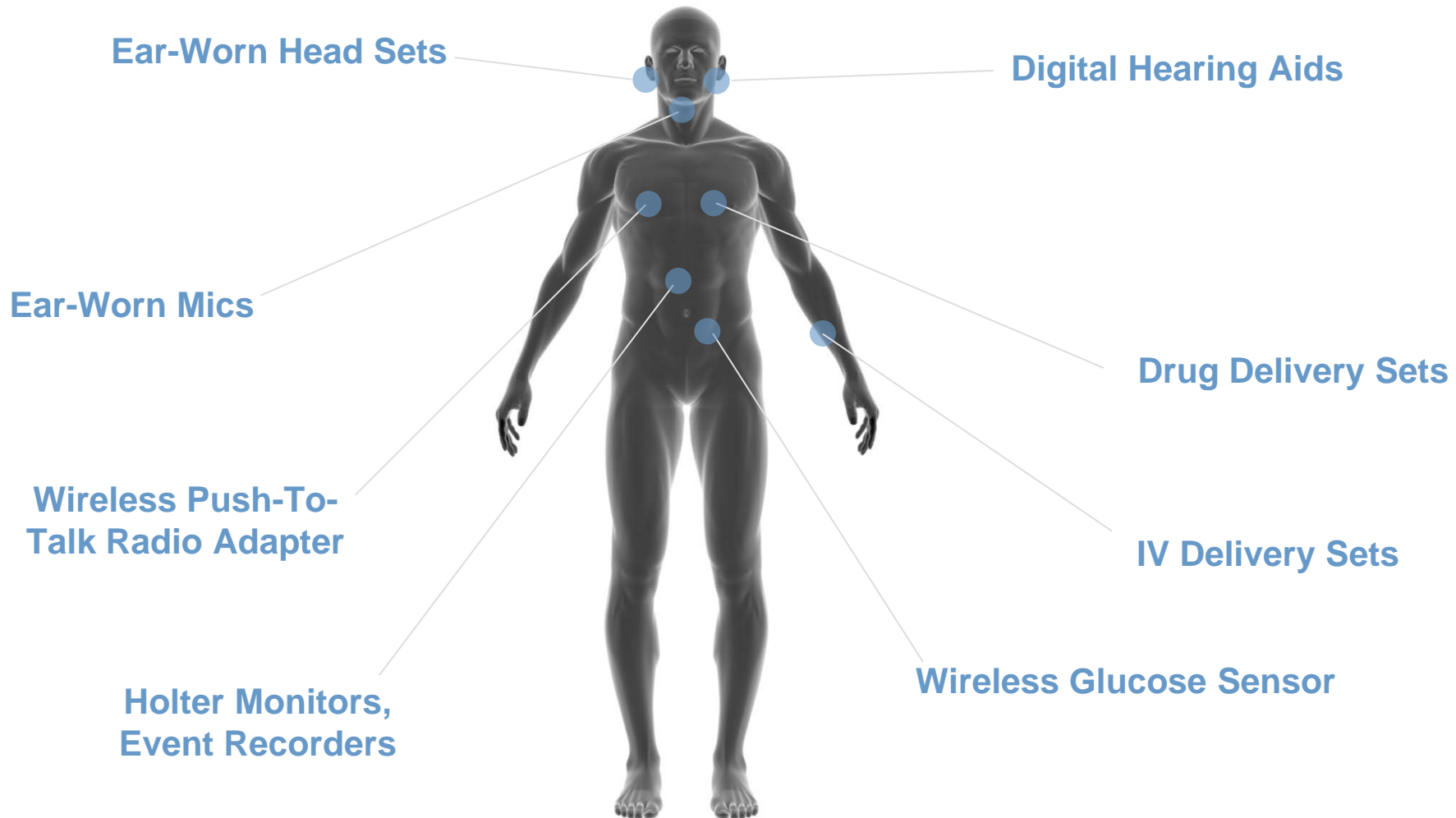
Core
Technologies

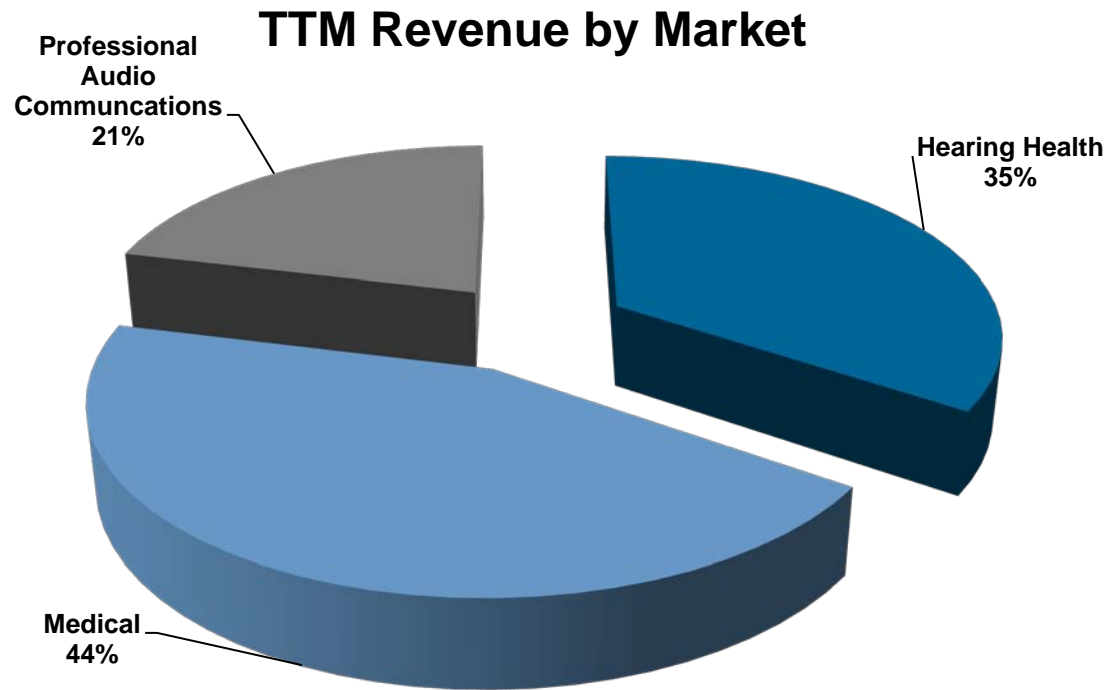
- Ultra Lower Power DSP and Ultra Low Power Wireless

Core
Competencies

- Mirco-miniature mechanics and electronics

IntriCon's mission is to enhance the mobility & effectiveness of **body-worn devices** that connect people to people & to the devices around them.





- Premium pricing power through application of digital firmware (e.g., “Intel Inside”) & wireless technology to established core business
- Improving margins by actively increasing percentage of proprietary content
- Actively pursuing appropriate M&A opportunities to build leadership position in body-worn devices, such as the Datrix cardiac diagnostic monitoring devices
- Maximizing R&D spending to increase revenue and margins in core business
- Market share expansion – higher volume
- Biotelemetry focus



Proprietary technology (firmware) means high-value, body-wearable features

- **Hearing & professional audio & security**

- Adaptive feedback canceling
- Directional microphone arrays
- Active noise canceling
- Voice feature extraction
- Noise reduction

- **Medical biotelemetry**

Need for Ultra-Lower Power Wireless:

Applications include medical biotelemetry such as ECG diagnostics and monitoring, diabetes monitoring, sleep apnea studies, audio streaming for hearing aids, and wireless audio links for professional communications and surveillance products

Examples of Proprietary IntriCon Wireless Technologies:

PhysioLink

- 2.4GHz proprietary digital radio protocol in the industrial-scientific medical band

nanoLink

- Ultra-low power operation of 4mW using as low as 1.1 volt batteries

nanoLink performance comparison to Bluetooth:

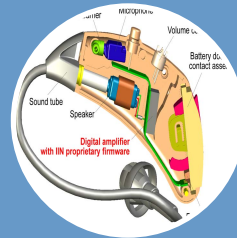
- Allows miniaturization
- 25 times lower power consumption
- Lower power supply voltage

- IntriCon was founded as a component supplier to the hearing health market
- Today the company uses those core micro-miniature manufacturing competencies to reduce the form factor of body-worn devices
- The ability to miniaturize body-worn devices allows for the development of new markets driven by innovation creating new ways to meet customer demands

Core Technologies / Competencies



Medical



Hearing
Health



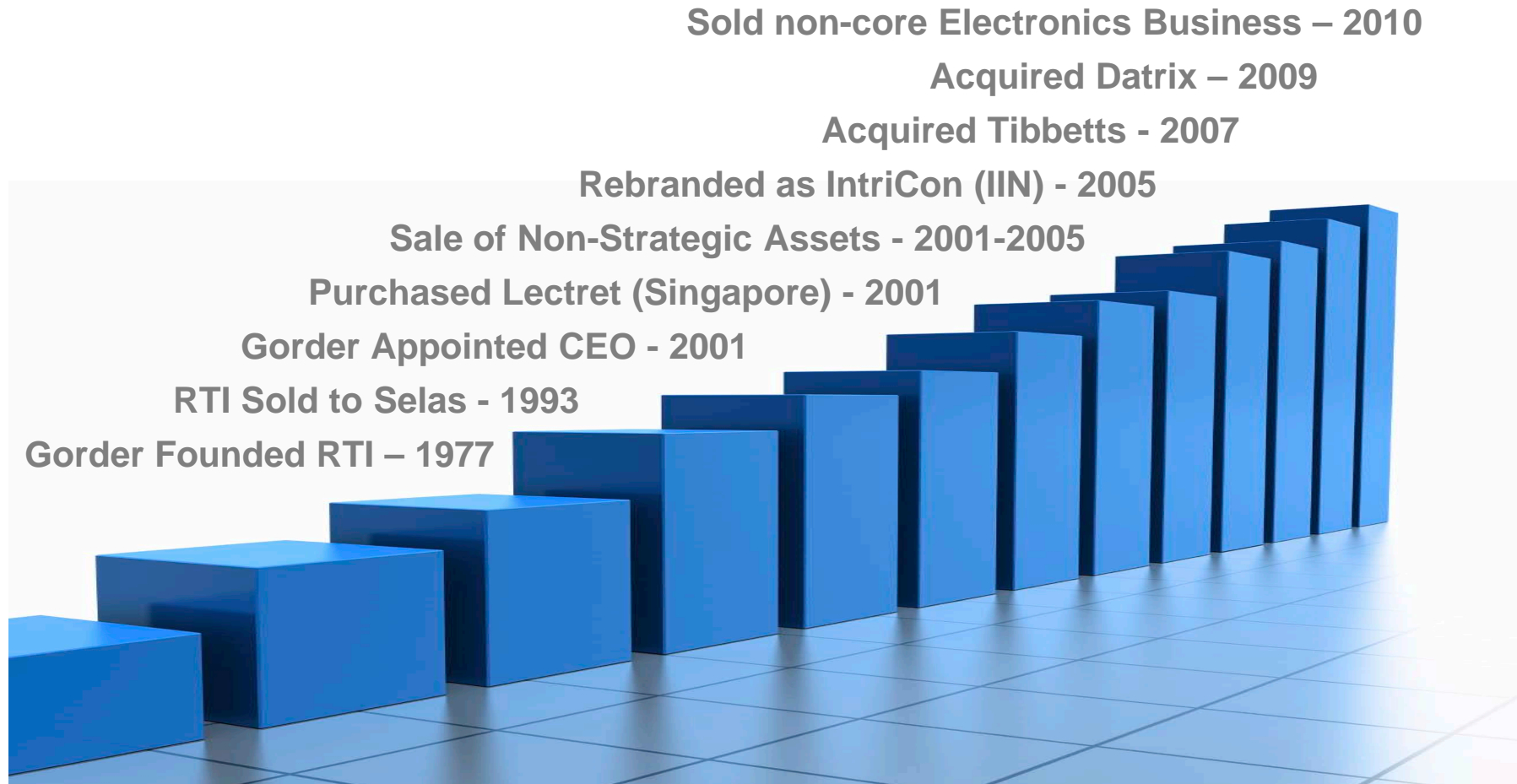
PADA

Core Technologies and Miniaturization Competencies

- Leverage our investment in core ultra-low power DSP and wireless technologies across all markets
- Micro-miniature manufacturing capabilities allows us to meet the demand for smaller, lighter-weight and more advanced devices

- Over 65 age group fastest-growing segment in U.S., Europe & Japan
- Telemedicine using wireless miniature biosensors
- Increased spending on security, intelligence & defense
- Wireless becoming connectivity standard
- Demand for quality

Company Evolution



Experienced Management Team

Mark Gorder	President, CEO & Founder
Scott Longval	CFO, Secretary & Treasurer
Chris Conger	VP of Research & Development
Mike Geraci	VP of Sales & Marketing
Dennis Gonsior	VP of Global Operations
Greg Gruenhagen	VP of Quality & Regulatory Affairs

... combined 125 years with IntriCon

Experienced Corporate Governance

Michael J. McKenna

Chairman of the Board

Retired Vice Chairman, President & Director,
Crown Cork & Seal Company, Inc.

Nicholas A. Giordano

Chairman of the Audit Committee

Business Consultant
Former President & CEO, Philadelphia Stock Exchange

Robert N. Masucci

Director

Chairman, Barclay Brand Ferndon, Inc.
Chairman, Montgomery Capital Advisors

Philip N. Seamon

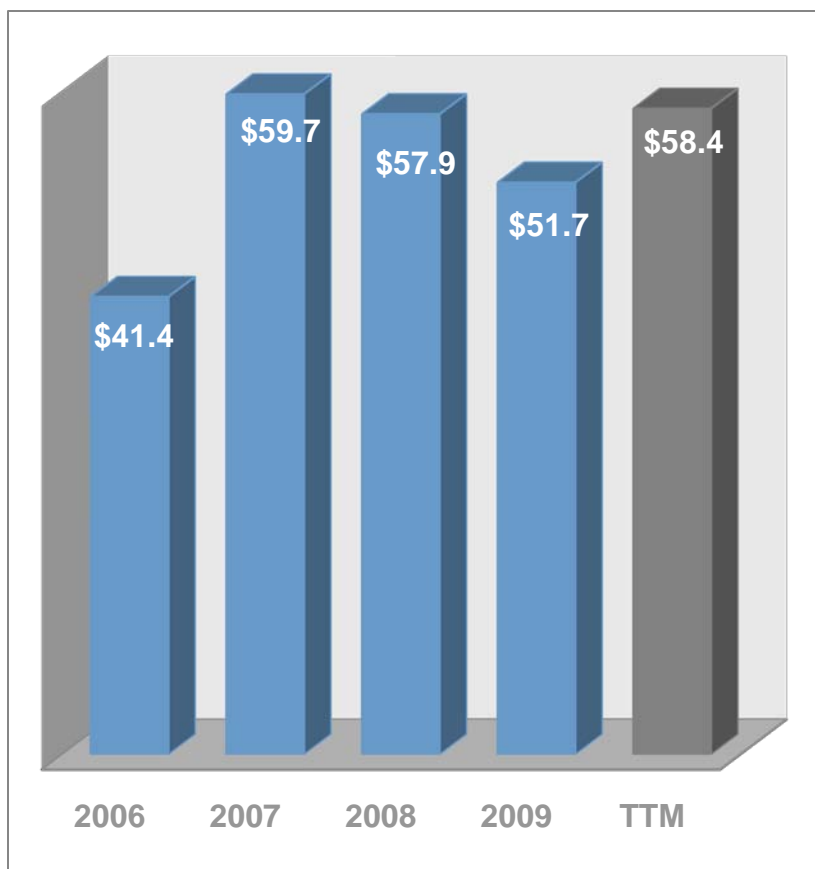
Director

President, Philip N. Seamon, Inc.
Former Senior Managing Director,
Corporate Finance, FTI Consulting, Inc.
Former Partner, Price Waterhouse Coopers

- **Arden Hills, MN (HQ)**
- Vadnais Heights, MN
- Singapore
- Camden, ME
- San Diego, CA
- Munich, Germany



Established Presence & Low-cost Manufacturing



(in millions)

- 2009 revenue was \$51.7M, down 11% over prior-year period, primarily due to economy
- For the nine months ending September 30, 2010 revenue increased 18% over the prior year period. The growth was driven by increases in each of our three core markets of medical, hearing health and professional audio communications.

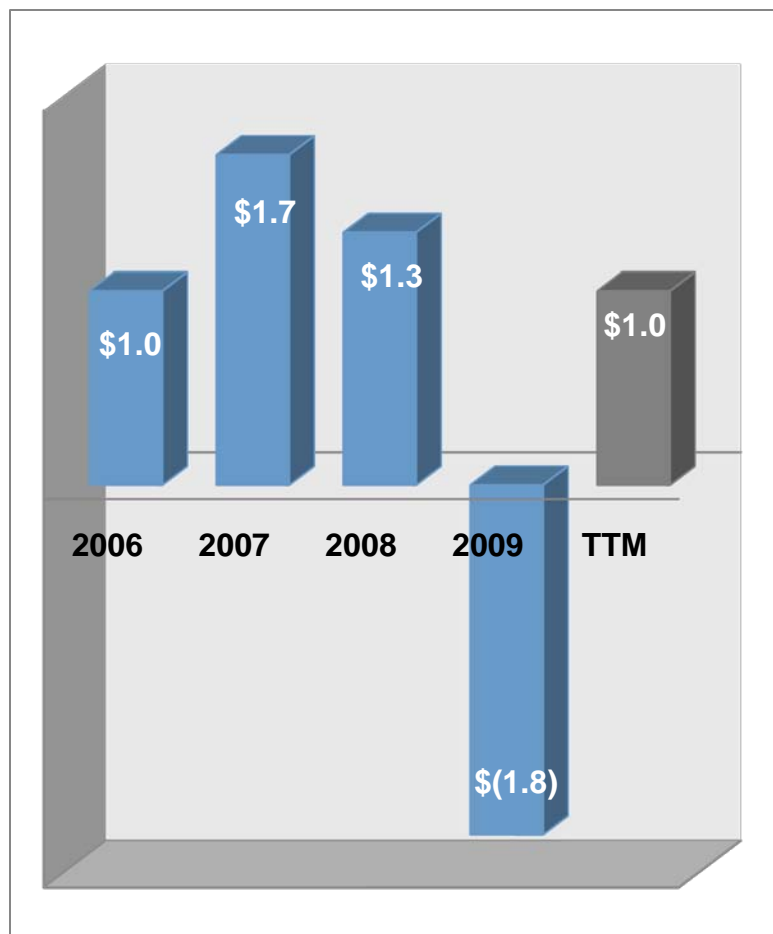
Investment in R&D



(in millions)

- 2009 investment in R&D was \$3.3 million, or 6.6% of revenue
- In addition, we received a significant amount of customer-funded R&D
- R&D investment for the nine months ending September 30, 2010 was \$3.5M, a 40% increase over the prior year period.
- Major 2010 R&D projects include the Scenic, Overtus, APT and Centauri.

Income (Loss) Continuing Operations

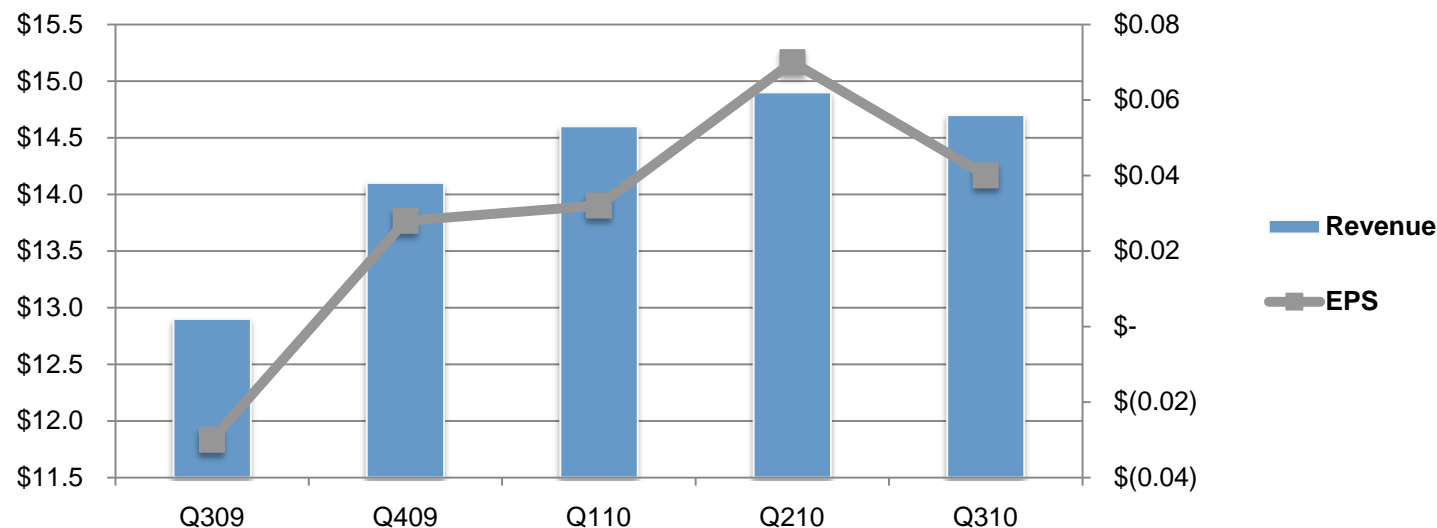


(in millions)

*TTM Excludes Datrix Deal Costs

- 2009 net loss from continuing operations of \$1.8M was driven by the economic environment, acquisition costs of Datrix and higher stock option expense.
- Net income from continuing operations for the nine months ending September 30, 2010 totaled \$824K.

Revenue & EPS Quarterly Trends



- While the latter part of 2008 and beginning of 2009 proved to be challenging, we experienced five quarters of strong revenue and continuing operations earnings growth.

* Continuing operations EPS excludes one-time acquisition and financing fees of \$532k in Q309

(in thousands)	2010 Q3	2009	2008	2007
Cash	\$ 792	\$ 385	\$ 249	\$ 381
Working capital	9,241	8,504	10,602	9,365
Total funded debt	8,176	8,378	7,691	8,440
Shareholders' equity	18,436	17,489	20,312	18,597

- Cash cycle days of 85, using a three month rolling average
- \$8.2M of funded debt - \$4.5M domestic revolver, \$1M international revolver, \$2.7M long-term note
- \$1.8M of availability under existing domestic revolver

(in thousands)	2010 Q3	2009	2008	2007
Net cash provided (used) by:				
Operating activities	\$ 1,302	\$ 1,845	\$ 2,452	\$ 3,533
Investing activities	(444)	(2,484)	(98)	(7,060)
Financial activities	(447)	783	(2,480)	3,740
Effect of FX changes on cash	(4)	(9)	(6)	8

- Secured new \$11.5M credit facility in August 2009, consisting of \$8.0 revolver and \$3.5M term note

Corporate Strategies	Status
Improve gross margins to 30%+ by 2012	On pace
Make multiple strategic acquisitions that enhance our position as the body-worn medical device company	Completed Datrix acquisition in August 2009, continue to explore additional targets
Increase percentage of proprietary IIN content in all devices	On going
Pursue strategic partnerships to develop new technologies	Current strategic partnerships include AME and DH
Focusing on remaining cash flow positive and reducing debt	Reduced bank debt from \$8.4M at Q309 to \$8.2M at Q310
Prudently investing in strategic R&D	Increased as a % of sales from 5.2% to 6.6% over last 2 years

1. Leader in high-performance body-worn devices
2. Increasing market opportunity for body-worn devices
3. Proprietary technology is well positioned for future market opportunities when economy rebounds
4. Real markets - Realistic goals



Questions & Answers