

Zimmer Biomet: Selected Combined  
Historical Financials and 2016  
Revenue Guidance (Revised)

# Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “expects,” “believes,” “anticipates,” “plans,” “estimates,” “projects,” “assumes,” “guides,” “targets,” “forecasts,” and “seeks” or the negative of such terms or other variations on such terms or comparable terminology. Such forward-looking statements include, but are not limited to, statements about the benefits of the merger between Zimmer and LVB Acquisition Inc., the parent company of Biomet, including future financial and operating results, the combined company’s plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of management and are subject to significant risks and uncertainties that could cause actual outcomes and results to differ materially. These risks and uncertainties include, but are not limited to: the possibility that the anticipated synergies and other benefits from the merger will not be realized, or will not be realized within the expected time periods; the risks and uncertainties related to our ability to successfully integrate the operations, products, employees and distributors of the legacy companies; the effect of the potential disruption of management’s attention from ongoing business operations due to integration matters related to the merger; the effect of the merger on our relationships with customers, vendors and lenders and on our operating results and businesses generally; Biomet’s compliance with its Deferred Prosecution Agreement through March 2016; the outcome of government investigations; price and product competition; the success of our quality and operational excellence initiatives; changes in customer demand for our products and services caused by demographic changes or other factors; the impact of healthcare reform measures; reductions in reimbursement levels by third-party payors and cost containment efforts of healthcare purchasing organizations; dependence on new product development, technological advances and innovation; shifts in the product category or regional sales mix of our products and services; supply and prices of raw materials and products; control of costs and expenses; the ability to obtain and maintain adequate intellectual property protection; the ability to form and implement alliances; challenges relating to changes in and compliance with governmental laws and regulations, including regulations of the U.S. Food and Drug Administration (the “FDA”) and foreign government regulators, such as more stringent requirements for regulatory clearance of products; the ability to remediate matters identified in any inspectional observations or warning letters issued by the FDA; changes in tax obligations arising from tax reform measures or examinations by tax authorities; product liability and intellectual property litigation losses; the ability to retain the independent agents and distributors who market our products; dependence on a limited number of suppliers for key raw materials and outsourced activities; changes in general industry and market conditions, including domestic and international growth rates and general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; and the impact of the ongoing economic uncertainty affecting countries in the Euro zone on the ability to collect accounts receivable in affected countries. For a further list and description of such risks and uncertainties, see our periodic reports filed with the U.S. Securities and Exchange Commission. Copies of these filings, as well as subsequent filings, are available online at [www.sec.gov](http://www.sec.gov), [www.zimmerbiomet.com](http://www.zimmerbiomet.com) or on request from us. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be set forth in our periodic reports. Readers of this communication are cautioned not to place undue reliance on these forward-looking statements, since, while management believes the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this communication.

# Basis of Preparation of Certain Information

The Selected Combined Historical Financials contained in this presentation include calculations and amounts that have been prepared internally and have not been reviewed or audited by an independent registered public accounting firm (the “Combined Financial Information”). Use of different methods for preparing, calculating or presenting this information could lead to different results and such differences may be material.

The Combined Financial Information is presented strictly for illustrative purposes. It does not and is not intended to comply with Article 11 of Regulation S-X promulgated by the SEC in respect of pro forma financial information. The Combined Financial Information should not be viewed as a substitute for full financial statements prepared in accordance with generally accepted accounting principles in the United States or Regulation S-X, as it could differ, including materially, from pro forma financial statements presented in accordance therewith. The Combined Financial Information should be read in conjunction with the accompanying notes and assumptions, as well as the historical consolidated financial statements of each of Zimmer and Biomet, contained in their respective SEC filings. The Combined Financial Information is based on a December 31 year-end and has been prepared by using the same monthly periods for Zimmer and Biomet. Prior to the merger, Biomet had a fiscal year that ended on May 31. As such, the historical Biomet information included and presented in the Combined Financial Information does not correspond to the quarterly information reported in Biomet’s historical financial statements contained in its periodic reports filed with the SEC.

The Combined Financial Information is unaudited and is based on available information and certain assumptions. Actual results may differ materially from the assumptions used to prepare the Combined Financial Information. The Combined Financial Information is not necessarily indicative of the combined results that would have been realized if the Biomet merger had occurred prior to or during the periods presented, nor is it meant to be indicative of any anticipated combined future results of operations or financial position of Zimmer Biomet.

The term “adjusted” refers to operating performance measures that exclude inventory step-up and other inventory and manufacturing related charges, special items, intangible asset amortization, financing and other expenses related to the Biomet merger and certain tax adjustments. Included in special items are acquisition and integration costs and asset impairment charges related to prior and pending acquisitions, as well as employee termination benefits, consulting and professional fees, certain litigation matters, dedicated personnel expenses, certain contract terminations and asset impairment charges connected with global restructuring and operational excellence initiatives. “Adjusted Pro Forma” revenue refers to revenue for prior year periods adjusted to reflect the inclusion of Biomet revenue and the impact of the previously announced divestiture remedies. “Constant currency” refers to any financial measure that excludes the effect of changes in foreign currency exchange rates.

# Selected Combined Historical Financials

## Three Month Periods Ended (Unaudited), as Revised\*

### Combined Historical Net Sales, as Revised

(\$ in millions)	2015	
	31-Mar	30-Jun
Americas	\$ 1,183.5	\$ 1,163.9
EMEA	489.5	449.6
Asia Pacific	268.8	266.6
<b>Consolidated</b>	<b>\$ 1,941.8</b>	<b>\$ 1,880.1</b>
<b>Knees</b>		
Americas	\$ 427.2	\$ 414.9
EMEA	184.7	164.1
Asia Pacific	98.4	102.8
<b>Total</b>	<b>710.3</b>	<b>681.8</b>
<b>Hips</b>		
Americas	244.5	246.2
EMEA	146.7	136.1
Asia Pacific	83.9	80.4
<b>Total</b>	<b>475.1</b>	<b>462.7</b>
<b>S.E.T.</b>		
Americas	266.1	256.5
EMEA	82.5	74.7
Asia Pacific	60.3	56.6
<b>Total</b>	<b>408.9</b>	<b>387.8</b>
<b>Spine &amp; CMF</b>	<b>143.7</b>	<b>143.8</b>
<b>Dental</b>	<b>117.2</b>	<b>118.6</b>
<b>Other</b>	<b>86.6</b>	<b>85.4</b>
<b>Consolidated</b>	<b>\$ 1,941.8</b>	<b>\$ 1,880.1</b>

### Reconciliation of Combined Net Sales to Combined Net Sales less Divestitures, as Revised

(\$ in millions)	2015			
	31-Mar	30-Jun	30-Sep	31-Dec
Combined net sales	\$ 1,941.8	\$ 1,880.1	\$ 1,762.2	\$ 1,933.6
Sales from divestitures	30.8	29.2	2.2	1.2
Combined net sales less divestitures	<b>\$ 1,911.0</b>	<b>\$ 1,850.9</b>	<b>\$ 1,760.0</b>	<b>\$ 1,932.4</b>

### Adjusted Margin Analysis (% of combined historical net sales, as Revised)

	2014	2015	
	31-Dec	31-Mar	30-Jun
<b>Adjusted gross margin</b>	<b>75.8 %</b>	<b>76.0 %</b>	<b>75.8 %</b>
Research and development	4.2	4.6	4.7
Selling, general, and administrative	39.1	39.0	40.0
<b>Adjusted operating margin</b>	<b>32.5 %</b>	<b>32.4 %</b>	<b>31.0 %</b>

\* Net sales revised from previous posting due to finalization of divestiture impact and the final Biomet pre-merger June 1<sup>st</sup> – 23<sup>rd</sup> 2015 results.

\* Adjusted margins revised from previous posting due to finalization of the Biomet 2015 fiscal year results.

# Selected Combined Historical Financials and 2016 Revenue Guidance (Unaudited), as Revised\*

## Combined Net Sales less Divestitures\*

(\$ in millions)	2015				
	31-Mar	30-Jun	30-Sep	31-Dec	Full Year
Combined net sales	\$ 1,941.8	\$ 1,880.1	\$ 1,762.2	\$ 1,933.6	\$ 7,517.7
Sales from divestitures	30.8	29.2	2.2	1.2	63.4
Combined net sales less divestitures	<b>\$ 1,911.0</b>	<b>\$ 1,850.9</b>	<b>\$ 1,760.0</b>	<b>\$ 1,932.4</b>	<b>\$ 7,454.3</b>

## Adjusted Pro Forma Revenue Guidance

	2016			
	31-Mar		Full Year	
	Lower Range	Upper Range	Lower Range	Upper Range
Adjusted pro forma constant currency growth rate	0.5%	1.0%	1.5%	2.5%
Estimated FX impact	-2.5%	-2.5%	-2.0%	-2.0%
Reported revenue growth rate	-2.0%	-1.5%	-0.5%	0.5%
Implied forecasted dollar range	<b>\$ 1,872.8</b>	<b>\$ 1,882.3</b>	<b>\$ 7,417.0</b>	<b>\$ 7,491.6</b>

\* Net sales revised from previous posting due to finalization of divestiture impact and the final Biomet pre-merger June 1<sup>st</sup> – 23<sup>rd</sup> 2015 results.

\* Q1 revenue guidance range calculated as: ((reported revenue growth rate) x \$1,911.0)

\* FY revenue guidance range calculated as: ((reported revenue growth rate) x \$7,454.3)