

ZIMMER BIOMET HOLDINGS, INC.
Reconciliation of Gross Profit & Margin to Adjusted Gross Profit & Margin
For the Quarterly and Year-to-Date Periods in Calendar Year Ending December 31, 2016
(in millions, unaudited)

	<u>Three Months Ended March 31, 2016</u>	<u>Three Months Ended June 30, 2016</u>	<u>Three Months Ended September 30, 2016</u>	<u>Three Months Ended December 31, 2016</u>	<u>Year Ended December 31, 2016</u>
Net Sales	\$ 1,904.0	\$ 1,934.0	\$ 1,832.8	\$ 2,013.1	\$ 7,683.9
Cost of products sold, excluding intangible asset amortization	640.6	640.1	479.3	614.9	2,374.9
Intangible asset amortization	<u>126.6</u>	<u>133.8</u>	<u>164.3</u>	<u>141.2</u>	<u>565.9</u>
Gross profit	\$ 1,136.8	\$ 1,160.1	\$ 1,189.2	\$ 1,257.0	\$ 4,743.1
Inventory step-up and other inventory and manufacturing related charges	178.3	156.6	22.8	104.5	462.2
Intangible asset amortization	<u>126.6</u>	<u>133.8</u>	<u>164.3</u>	<u>141.2</u>	<u>565.9</u>
Adjusted gross profit	<u>\$ 1,441.7</u>	<u>\$ 1,450.5</u>	<u>\$ 1,376.3</u>	<u>\$ 1,502.7</u>	<u>\$ 5,771.2</u>
Gross margin	59.7 %	60.0 %	64.9 %	62.4 %	61.7 %
Inventory step-up and other inventory and manufacturing related charges	9.4	8.1	1.2	5.2	6.0
Intangible asset amortization	<u>6.6</u>	<u>6.9</u>	<u>9.0</u>	<u>7.0</u>	<u>7.4</u>
Adjusted gross margin	<u>75.7 %</u>	<u>75.0 %</u>	<u>75.1 %</u>	<u>74.6 %</u>	<u>75.1 %</u>

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Reconciliation of Gross Profit & Margin to Adjusted Gross Profit & Margin
For the Quarterly and Annual Periods in Calendar Year Ending December 31, 2015
(in millions, unaudited)

	<u>Three Months Ended March 31, 2015</u>	<u>Three Months Ended June 30, 2015</u>	<u>Three Months Ended September 30, 2015</u>	<u>Three Months Ended December 31, 2015</u>	<u>Year Ended December 31, 2015</u>
Net Sales	\$ 1,134.4	\$ 1,167.6	\$ 1,762.2	\$ 1,933.6	\$ 5,997.8
Cost of products sold, excluding intangible asset amortization	284.9	294.3	552.1	669.3	1,800.6
Intangible asset amortization	<u>20.4</u>	<u>33.0</u>	<u>122.6</u>	<u>161.4</u>	<u>337.4</u>
Gross profit	\$ 829.1	\$ 840.3	\$ 1,087.5	\$ 1,102.9	\$ 3,859.8
Inventory step-up and other inventory and manufacturing related charges	3.9	14.7	132.6	197.6	348.8
Intangible asset amortization	<u>20.4</u>	<u>33.0</u>	<u>122.6</u>	<u>161.4</u>	<u>337.4</u>
Adjusted gross profit	<u>\$ 853.4</u>	<u>\$ 888.0</u>	<u>\$ 1,342.7</u>	<u>\$ 1,461.9</u>	<u>\$ 4,546.0</u>
Gross margin	73.1 %	72.0 %	61.7 %	57.0 %	64.4 %
Inventory step-up and other inventory and manufacturing related charges	0.3	1.3	7.5	10.3	5.8
Intangible asset amortization	<u>1.8</u>	<u>2.8</u>	<u>7.0</u>	<u>8.3</u>	<u>5.6</u>
Adjusted gross margin	<u>75.2 %</u>	<u>76.1 %</u>	<u>76.2 %</u>	<u>75.6 %</u>	<u>75.8 %</u>