

Zimmer Biomet Outlines Strategy to Deliver Above Market Growth at 2024 Investor Day

May 29, 2024

Presents Path for Compelling and Durable Topline Growth, Improved Operational Profitability and Increased Free Cash Flow Generation

Details New Capital Allocation Priorities and Commitment to Strategic Diversification

Announces Strategic Partnership with CBRE, the World's Largest Commercial Real Estate Services and Investment Firm, to Develop and Outfit Orthopedic Ambulatory Surgery Centers (ASC) in the U.S.

WARSAW, Ind. and NEW YORK, May 29, 2024 /PRNewswire/ -- Zimmer Biomet Holdings, Inc. (NYSE and SIX: ZBH), a global medical technology leader, today hosted its 2024 Investor Day and provided an in-depth review of the Company's strategic priorities and long-range plan for growth and value creation.



"Over the last five years, Zimmer Biomet has undergone a true transformation to become a stronger company with a bright future," said Ivan Tornos, President and Chief Executive Officer. "Today, as a global leader in MedTech and Orthopedics, we are laser focused on providing customer-centric solutions designed to reduce safety concerns, maximize efficiency and deliver best-in-class clinical outcomes. We are confident that as we move forward from this position of strength, Zimmer Biomet will continue to innovate, execute and allocate capital to maximize shareholder value."

At today's event, Zimmer Biomet provided its long-range plan for 2024 through 2027, including delivering:

- Mid-single-digit percentage constant currency consolidated revenue¹ compound annual growth rate (CAGR)
- Adjusted earnings per share¹ (EPS) growth at least 1.5 times revenue growth
- Free Cash Flow¹ growing at least 100 basis points faster than adjusted EPS

The Company also highlighted the drivers of Zimmer Biomet's value-enhancing opportunities, including:

- **Delivering on a new, compelling growth profile** for driving above market revenue growth
- **Diversifying into higher growth markets** to accelerate revenue in higher growth areas and increase the Company's Weighted Average Market Growth Rate (WAMGR)
- **Returning at least 65% of free cash flow to shareholders** through dividends and share buybacks:
 - Zimmer Biomet's board of directors has approved a new stock repurchase authorization, granting the Company authority to repurchase up to \$2 billion in common stock. Under the program, which is designed to return value to Zimmer Biomet's shareholders, minimize dilution from stock issuances, and reduce share count over time, the Company may repurchase shares in the open market and enter into structured repurchase agreements with third parties.
- **Leveraging financial flexibility and strong M&A firepower** to continue to execute strategic acquisitions

Zimmer Biomet also announced today that it has formalized a partnership with [CBRE Group, Inc.](#) (NYSE: CBRE), the world's largest commercial real estate services and investment firm, to develop and outfit orthopedic ambulatory surgery centers (ASC) in the U.S. This strategic alliance will leverage the companies' respective core strengths as leaders in healthcare technology and commercial real estate services to deliver the latest in medical technology to more patients across the country. The partnership offers a comprehensive, turnkey solution to surgeons and institutions looking to expand their orthopedic ASC footprint.

Event Materials and Replay

To access the presentation materials and replay from today's 2024 Investor Day, visit the Company's investor relations website at <https://investor.zimmerbiomet.com/>.

About Zimmer Biomet

Zimmer Biomet is a global medical technology leader with a comprehensive portfolio designed to maximize mobility and improve health. We seamlessly transform the patient experience through our

innovative products and suite of integrated digital and robotic technologies that leverage data, data analytics and artificial intelligence.

With 90+ years of trusted leadership and proven expertise, Zimmer Biomet is positioned to deliver the highest quality solutions to patients and providers. Our legacy continues to come to life today through our progressive culture of evolution and innovation.

For more information about our product portfolio, our operations in 25+ countries and sales in 100+ countries or about joining our team, visit www.zimmerbiomet.com or follow on LinkedIn at www.linkedin.com/company/zimmerbiomet or X / Twitter at www.twitter.com/zimmerbiomet.

Forward-Looking Non-GAAP Financial Measures

This press release includes certain forward-looking financial measures that differ from financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP") for 2024 through 2027, including growth plan measures related to constant currency consolidated revenue, adjusted operating profit margin and free cash flow. Constant currency consolidated revenue is consolidated revenue, excluding the effects of foreign currency exchange rates, and is calculated by translating period sales at the same predetermined exchange rate. Adjusted operating profit margin is operating profit margin, excluding the effects of certain items that can cause dramatic changes in reported operating profit but that do not impact the fundamentals of our operations. Free cash flow is computed by deducting additions to instruments and other property, plant and equipment from net cash provided by operating activities.

We calculate forward-looking non-GAAP financial measures based on internal forecasts that omit certain amounts that would be included in GAAP financial measures. For instance, we exclude the impact of certain charges related to initial compliance with the European Union Medical Device Regulation; restructuring and other cost reduction initiatives; acquisition, integration, divestiture and related; and certain legal and tax matters. We have not provided quantitative reconciliations of these forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because the excluded items are not available on a prospective basis without unreasonable efforts. For example, the timing of certain transactions is difficult to predict because management's plans may change. In addition, the Company believes such reconciliations would imply a degree of precision and certainty that could be confusing to investors. It is probable that these forward-looking non-GAAP financial measures may be materially different from the corresponding GAAP financial measures.

These non-GAAP financial measures may not be comparable to similar measures reported by other companies and should be considered in addition to, and not as a substitute for, or superior to, other measures prepared in accordance with GAAP. Management uses non-GAAP financial measures

internally to evaluate the performance of the business. Additionally, management believes these non-GAAP measures provide meaningful incremental information to investors to consider when evaluating the performance of the Company. Management believes these measures offer the ability to make period-to-period comparisons that are not impacted by certain items that can cause dramatic changes in reported income but that do not impact the fundamentals of our operations. The non-GAAP measures enable the evaluation of operating results and trend analysis by allowing a reader to better identify operating trends that may otherwise be masked or distorted by these types of items that are excluded from the non-GAAP measures. In addition, constant currency sales changes, adjusted operating profit, adjusted diluted earnings per share and free cash flow are used as performance metrics in our incentive compensation programs.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding our growth plans, profitability and margin expansion, future products and solutions, including their effects and impacts, future opportunities, diversification plans, return of capital to shareholders, expectations regarding strategic alliances, and any statements about our forecasts, expectations, plans, intentions, strategies or prospects. All statements other than statements of historical or current fact are, or may be deemed to be, forward-looking statements. Such statements are based upon the current beliefs, expectations and assumptions of management and are subject to significant risks, uncertainties and changes in circumstances that could cause actual outcomes and results to differ materially from the forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to: competition; pricing pressures; dependence on new product development, technological advances and innovation; changes in customer demand for our products and services caused by demographic changes, obsolescence, development of different therapies or other factors; shifts in the product category or regional sales mix of our products and services; the effects of business disruptions, either alone or in combination with other risks on our business and operations; the risks and uncertainties related to our ability to successfully execute our restructuring plans; control of costs and expenses; our ability to attract, retain and develop the highly skilled employees, senior management, independent agents and distributors we need to support our business; the possibility that the anticipated synergies and other benefits from mergers and acquisitions 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 acquired companies; the effect of the potential disruption of management's attention from ongoing business operations due to integration matters related to mergers and acquisitions; the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally; the ability to form and implement alliances; dependence on a limited number of suppliers for key raw materials and other inputs and for outsourced activities; the risk of disruptions in

the supply of materials and components used in manufacturing or sterilizing our products; breaches or failures of our information technology systems or products, including by cyberattack, unauthorized access or theft; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration ("FDA") and other government regulators, such as more stringent requirements for regulatory clearance of products; the outcome of government investigations; the impact of healthcare reform and cost containment measures, including efforts sponsored by government agencies, legislative bodies, the private sector and healthcare purchasing organizations, through reductions in reimbursement levels, repayment demands and otherwise; the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all; changes in tax obligations arising from examinations by tax authorities and from changes in tax laws in jurisdictions where we do business, including as a result of the "base erosion and profit shifting" project undertaken by the Organisation for Economic Co-operation and Development and otherwise; challenges to the tax-free nature of the ZimVie Inc. ("ZimVie") spinoff transaction and the subsequent liquidation of our retained interest in ZimVie; the risk of additional tax liability due to the recategorization of our independent agents and distributors to employees; the risk that material impairment of the carrying value of our intangible assets, including goodwill, could negatively affect our operating results; changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; changes in general industry and market conditions, including domestic and international growth, inflation and currency exchange rates; the domestic and international business impact of political, social and economic instability, tariffs, trade restrictions and embargoes, sanctions, wars, disputes and other conflicts, including on our ability to operate in, export to or from or collect accounts receivable in affected countries; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the FDA and other government regulators relating to medical products, healthcare fraud and abuse laws and data privacy and security laws; the success of our quality and operational excellence initiatives; the ability to remediate matters identified in inspectional observations or warning letters issued by the FDA and other regulators, while continuing to satisfy the demand for our products; product liability, intellectual property and commercial litigation losses; and the ability to obtain and maintain adequate intellectual property protection. A further list and description of these risks and uncertainties and other factors can be found in our Annual Report on Form 10-K for the year ended December 31, 2023, including in the sections captioned "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors," and our subsequent filings with the Securities and Exchange Commission (SEC). Copies of these filings are available online at www.sec.gov, www.zimmerbiomet.com or on request from us. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in our filings with the SEC. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any intention or

obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers of this press release are cautioned not to rely on these forward-looking statements since there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary note is applicable to all forward-looking statements contained in this press release.

1. This measure is a non-GAAP financial measure for which a reconciliation to the most directly comparable GAAP financial measure is not available without unreasonable efforts. See "Forward-Looking Non-GAAP Financial Measures" above, which identifies the information that is unavailable without unreasonable efforts and provides additional information. It is probable that this forward-looking non-GAAP financial measure may be materially different from the corresponding GAAP financial measure.

Media

Heather Zoumas-Lubeski

(445) 248-0577

heather.zoumaslubeski@zimmerbiomet.com

Investors

Zach Weiner

(908) 591-6955

zach.weiner@zimmerbiomet.com

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