ZIMMER BIOMET

Zimmer Biomet Responsive Statement on Product Supply Matters

Nov 08, 2016

On November 8, 2016, Northcoast Research published a report on Zimmer Biomet Holdings, Inc., and Zimmer Biomet is issuing this responsive statement to address certain misleading and factually inaccurate information contained in the Northcoast report.

As was discussed in detail on the Company's third quarter earnings conference call on October 31, 2016, in the third quarter and continuing into the fourth quarter, Zimmer Biomet has seen increased demand for certain products, particularly related to cross-selling various offerings across the combined Zimmer Biomet portfolio. The increased demand has impacted the Company's ability to effectively respond to this shifting product mix. The Company is in the process of deploying new demand planning and production planning tools. Upon full implementation, these integrated tools will better ensure the Company's ability to forecast and satisfy product demand in the future.

In addition, as discussed on the third quarter earnings conference call, the Company has also accelerated work to enhance certain aspects of its supply chain infrastructure as it harmonizes and optimizes its sourcing, manufacturing and quality management systems. While these ongoing efforts have in instances led to certain product shipment delays, including product manufactured at the legacy Biomet operation in Warsaw, Indiana, the Company is making excellent progress in addressing the issues and many of the shipment delays are already resolved and the impacted product has been released for commercial distribution. The Company expects to return to full shipping capacity with the impacted products over the next few weeks.

Importantly, the above-described voluntary actions have not been prompted by any identified concern over patient safety or risk associated with any Zimmer Biomet product. The Company has not issued a recall of any of the products impacted by these voluntary operational enhancement actions.

On October 31, 2016, the Company issued updated sales and earnings guidance for full-year 2016, including specific guidance for the fourth quarter. It is important to note that the anticipated full impact of the various supply chain issues and the related harmonization and optimization of sourcing,

manufacturing and quality management systems mentioned above is already included in the Company's sales and earnings guidance update from October 31, 2016.

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 negatives of such terms or other variations on such terms or comparable terminology. 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. For a list and description of some of such risks and uncertainties, see the Company's filings with the Securities and Exchange Commission (the "SEC"). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's filings with the SEC. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent it is required to do so by law. Accordingly, such forward-looking statements speak only as of the date made. 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.