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# Q3 FY2022 Earnings Conference Call

Financial Results & Outlook



November 1, 2022

# Cautionary Note Regarding Forward-Looking Statements and Use of Non-GAAP Financial Information

In accordance with the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements include EPS guidance and are generally identified by the use of such terms as “may,” “could,” “expect,” “intend,” “believe,” “plan,” “estimate,” “forecast,” “project,” “anticipate,” “to be,” “to make” or other comparable terms. A fuller discussion of our operations, financial condition and status of litigation matters, including factors that may affect our business and future prospects, is contained in documents we have filed with the United States Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K, and will be contained in all subsequent periodic filings we make with the SEC. These documents identify in detail important risk factors that could cause our actual performance to differ materially from current expectations. Forward looking statements include the overall impact of the Novel Coronavirus Disease 2019 (COVID-19) on the Company, its results of operations, liquidity and financial condition (including any estimates of the impact on these items), the rate and consistency with which dental and other practices resume or maintain normal operations in the United States and internationally, expectations regarding personal protective equipment (“PPE”) and COVID-19 Test Kit sales and inventory levels, whether additional resurgences or variants of the virus will adversely impact the resumption of normal operations, whether supply chain disruptions will adversely impact our business, the impact of restructuring programs as well as of any future acquisitions, general economic conditions including exchange rates, inflation and recession, and more generally current expectations regarding performance in current and future periods. Forward looking statements also include the (i) ability of the Company to have continued access to a variety of COVID-19 test types, expectations regarding COVID-19 test sales, demand and inventory levels, as well as the efficacy or relative efficacy of the test results given that the test efficacy has not been, or will not have been, independently verified under normal FDA procedures and (ii) potential for the Company to distribute the COVID-19 vaccines and ancillary supplies.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: risks associated with COVID-19 and any variants thereof, as well as other disease outbreaks, epidemics, pandemics, or similar wide-spread public health concerns and other natural disasters; our dependence on third parties for the manufacture and supply of our products; our ability to develop or acquire and maintain and protect new products (particularly technology products) and technologies that achieve market acceptance with acceptable margins; transitional challenges associated with acquisitions, dispositions and joint ventures, including the failure to achieve anticipated synergies/benefits; financial and tax risks associated with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; the repeal or judicial prohibition on implementation of the Affordable Care Act; changes in the health care industry; risks from expansion of customer purchasing power and multi-tiered costing structures; increases in shipping costs for our products or other service issues with our third-party shippers, general global and domestic macro-economic and political conditions, including inflation, deflation, or recession, fluctuations in energy pricing and the value of the U.S. dollar as compared to foreign currencies and changes to other economic indicators, international trade agreements, potential trade barriers and terrorism; failure to comply with existing and future regulatory requirements; risks associated with the EU Medical Device Regulation; failure to comply with laws and regulations relating to health care fraud or other laws and regulations; failure to comply with laws and regulations relating to the collection, storage and processing of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation; risks related to product liability, intellectual property and other claims; litigation risks; new or unanticipated litigation developments and the status of litigation matters; risks associated with customs policies or legislative import restrictions; cyberattacks or other privacy or data security breaches; risks associated with our global operations; our dependence on our senior management, employee hiring and retention, and our relationships with customers, suppliers and manufacturers; and disruptions in financial markets. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, any forward-looking statements contained herein should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements except as required by law.

Included within the presentation are non-GAAP financial measures that supplement the Company’s Consolidated Statements of Income prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company’s actual results prepared under GAAP to exclude certain items. In the presentation appendix, the non-GAAP measures have been reconciled to and should be considered together with the Consolidated Statements of Income. Management believes that non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance and allow for greater transparency with respect to key metrics used by management in operating our business. These non-GAAP financial measures are presented solely for informational and comparative purposes and should not be regarded as a replacement for corresponding, similarly captioned, GAAP measures.

# Agenda

**01** Q3 Overview

**02** Q3 Financial Results

**03** FY2022 Guidance



# Largest Provider of Health Care Products and Related Services to Office-based Dental and Medical Practitioners

**\$12.4B**

FY2021 Global  
Net Sales

**1M+**

Customers

**~22,000**

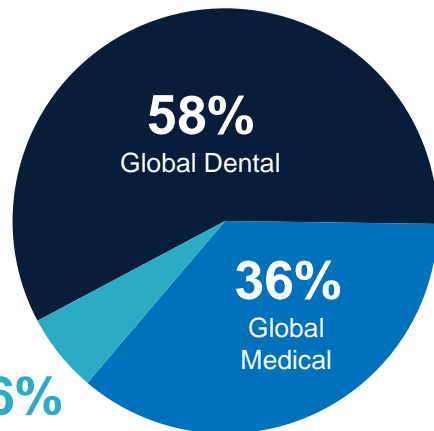
Team Schein Members

Operations or Affiliates in

**32**

Countries and Territories

## Q3 FY2022 Sales



6%  
Technology &  
Value-Added  
Services

Years in Business

**90**

Fortune 500

**19**

YEARS

Component of  
S&P 500 Index

**6**

YEARS



**21** YEARS



**11** YEARS



**100%** **7** YEARS



# Our BOLD+1 Strategic Priorities



**BUILD** complementary software, specialty, and services businesses for high growth



**LEVERAGE** One Schein to broaden and deepen relationships with our customers and expand customer spend through our product portfolio

**+1 CREATE VALUE** for our Stakeholders



**OPERATIONALIZE** One Distribution to deliver exceptional customer experience, increased efficiency and sales growth



**DRIVE** digital transformation for our customers and for Henry Schein



# Our Q3 Results Reflect:

- Management is highly focused on increasing productivity and margins across each of our businesses, delivering 55bps non-GAAP operating margin expansion.
- Overall, we are executing to plan, narrowing our 2022 non-GAAP diluted EPS guidance range which reflects our confidence in the underlying strength and stability of our business.
- Solid underlying sales growth of 6.8% (excluding PPE and COVID-19 Test Kits) across our business and in most geographies, driven by excellent growth in our Medical and North America Dental equipment businesses as well as our Technology business.





# Third Quarter Financial Results

- Total Sales growth of -3.5% with LCI\* Sales growth of -2.4%
  - *Total Sales growth impacted by market declines in PPE pricing and reduced demand and pricing for COVID-19 test kits, as well as a strong US dollar*
  - *Worldwide LCI Sales growth of 6.8% when excluding PPE & COVID-19 Test Kits*
- GAAP diluted EPS of \$1.09
- Non-GAAP diluted EPS of \$1.15
- Tightening full-year 2022 Non-GAAP diluted EPS guidance range to \$4.79 to \$4.87\*\*

\*LCI reflects growth in local currencies on an internal basis (excluding acquisitions from the prior twelve months).

\*\*FY2022 Guidance is as of November 1, 2022 and should not be considered an update of guidance beyond that date. Our guidance for 2022 diluted EPS is for completed or previously announced acquisitions and does not include potential future acquisitions or integration and restructuring expenses. Guidance also assumes that foreign currency exchange rates will remain generally consistent with current levels, end markets will remain consistent with current market conditions, and that there are no material adverse market changes associated with COVID-19.



# Q3 FY2022 Worldwide Summary\*

<i>\$ Millions except EPS</i>	Q3 FY2022 (GAAP)	Q3 FY2021 (GAAP)	Q3 FY2022 (Non-GAAP)	Q3 FY2021 (Non-GAAP)
Total Sales	<b>\$3,067</b>	<b>\$3,178</b>	<b>\$3,067</b>	<b>\$3,178</b>
Operating Income	<b>\$211</b>	<b>\$211</b>	<b>\$221</b>	<b>\$211</b>
Operating Margin	<b>6.86%</b>	<b>6.63%</b>	<b>7.18%</b>	<b>6.63%</b>
Diluted EPS	<b>\$1.09</b>	<b>\$1.15</b>	<b>\$1.15</b>	<b>\$1.10</b>

\*Refer to slide 18 for our GAAP & Non-GAAP Reconciliations.

## HIGHLIGHTS

Solid underlying sales growth of 6.8% (excluding PPE and COVID-19 Test Kits) across our businesses. Excellent growth in our Medical and Technology businesses and in Dental Equipment

Operating Income growth resulting from Gross Margin expansion y/y and cost containment

+55 basis point improvement y/y on a Non-GAAP basis

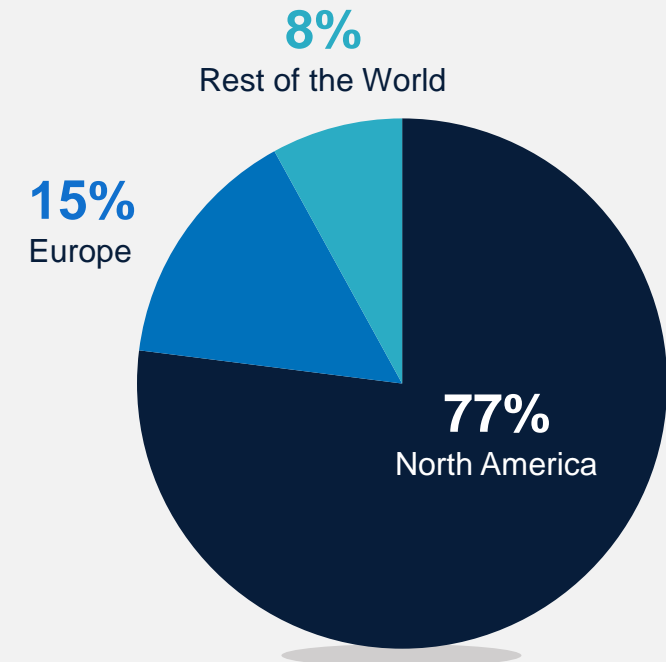
4.5% growth y/y on a Non-GAAP basis



# Q3 FY2022 Worldwide Sales Summary

\$ Millions	Q3 FY2022	Q3 FY2021	y/y Δ	y/y LCI Δ
Global Dental	\$1,785	\$1,823	-2.1%	1.2%
<i>Excl. PPE</i>			2.3%	5.8%
Global Medical	1,106	1,185	-6.7%	-8.8%
<i>Excl. PPE/COVID-19 Test Kits</i>			12.2%	9.3%
Global Technology/VAS	176	170	3.8%	4.2%*
<b>Total Sales</b>	<b>\$3,067</b>	<b>\$3,178</b>	<b>-3.5%</b>	<b>-2.4%</b>
<i>Excl. PPE/COVID-19 Test Kits</i>			<b>5.6%</b>	<b>6.8%</b>

## BY GEOGRAPHY



\*Global Technology/VAS Sales LCI growth was 8.5% when excluding the expiration of a Government contract.

# Q3 FY2022

## Global Dental Sales Summary

\$ Millions	Q3 FY2022	Q3 FY2021	y/y Δ	y/y LCI Δ
North America Dental Consumables	\$865	\$878	-1.6%	-3.6%
<i>Excl. PPE</i>			6.2%	3.8%
North America Dental Equipment	266	237	12.8%	12.8%
<b>North America Dental</b>	<b>\$1,131</b>	<b>\$1,115</b>	<b>1.5%</b>	<b>-0.1%</b>
International Dental Consumables	\$504	\$540	-6.5%	3.9%
<i>Excl. PPE</i>			-3.8%	6.9%
International Dental Equipment	150	168	-11.6%	1.4%
<b>International Dental</b>	<b>\$654</b>	<b>\$708</b>	<b>-7.7%</b>	<b>3.3%</b>
Global Dental Consumables	\$1,369	\$1,418	-3.5%	-0.8%
<i>Excl. PPE</i>			2.2%	5.1%
Global Dental Equipment	416	405	2.6%	8.0%
<b>Global Dental</b>	<b>\$1,785</b>	<b>\$1,823</b>	<b>-2.1%</b>	<b>1.2%</b>
<i>Excl. PPE</i>			<b>2.3%</b>	<b>5.8%</b>

Dental performance driven by growth in North America Equipment sales as well as Consumable Sales excluding PPE.

Consumables LCI growth excl. PPE was 3.8% in North America Dental and 6.9% in International Dental.

Equipment LCI growth was 12.8% in North America Dental

## Q3 FY2022

# Global Medical Sales Summary

\$ Millions	Q3 FY2022	Q3 FY2021	y/y $\Delta$	y/y LCI $\Delta$
North America Medical	\$1,088	\$1,162	-6.3%	-8.7%
International Medical	18	23	-25.1%	-12.9%
<b>Global Medical</b>	<b>\$1,106</b>	<b>\$1,185</b>	<b>-6.7%</b>	<b>-8.8%</b>
<i>Excl. PPE/COVID-19 Test Kits</i>			<b>12.2%</b>	<b>9.3%</b>
<b>COVID-19 Test Kits</b>	<b>\$81</b>	<b>\$207</b>	<b>-60.7%</b>	<b>-60.7%</b>

Continued strength in Medical sales led by sales of Non-PPE/COVID-19 Test Kits in North America.

Sales LCI growth excl. PPE and COVID-19 Test Kits was 9.3%.

Medical performance driven by sales of equipment, pharmaceutical products and point-of-care diagnostic products

## Q3 FY2022 Technology/VAS Sales Summary

\$ Millions	Q3 FY2022	Q3 FY2021	y/y $\Delta$	y/y LCI $\Delta$
North America Technology/VAS	\$155	\$149	4.1%	2.5%
International Technology/VAS	21	21	1.7%	16.5%
<b>Global Technology/VAS</b>	<b>\$176</b>	<b>\$170</b>	<b>3.8%</b>	<b>4.2%</b>

Solid sales growth exhibited by Henry Schein One

Sales growth was impacted by the expiration of a government contract. Adjusting for this contract, North America Technology/VAS LCI growth was 7.3% and Global Technology/VAS LCI growth was 8.5%



Q3 FY2022

## Technology/VAS + Dental Specialty Sales Summary

<i>\$ Millions</i>	Q3 FY2022	Q3 FY2021	y/y Δ	y/y LCI Δ
Global Technology/VAS	\$176	\$170	3.8%	4.2%
Global Dental Specialties*	223	226	-1.4%	2.5%
<b>Global Technology/VAS + Dental Specialties</b>	<b>\$399</b>	<b>\$396</b>	<b>0.8%</b>	<b>3.2%</b>
% of Total Sales	13.0%	12.5%		

**Our goal is to grow Sales of Technology/VAS + Dental Specialty businesses in the low double-digits, including acquisitions, with minimum of 20% Operating Margin.**

\*Dental Specialties consists of our Implants & Biomaterials, Orthodontics and Endodontics businesses and is included within our Health Care Distribution Segment.

# Financial Guidance – Full Year 2022

As of November 1, 2022*	Previous Outlook	Revised Outlook
Total Sales growth over 2021**	3% to 6%	1.5% to 2.5%
COVID-19 Test Kit Sales decline over 2021	-25% to -30%	
2022 Non-GAAP Operating Margin expansion over 2021 Non-GAAP Operating Margin	+20 to 25 bps	
2022 Non-GAAP diluted EPS***	\$4.75 to \$4.91	\$4.79 to \$4.87
2022 Non-GAAP diluted EPS growth compared with 2021 Non-GAAP diluted EPS	5% to 9%	6% to 8%

**We are narrowing our 2022 diluted EPS guidance range which reflects our underlying confidence in the strength and stability of our business. Revised Sales guidance mainly reflects a strengthening US dollar and lower PPE sales.**

\*FY2022 Guidance is as of November 1, 2022 and should not be considered an update of guidance beyond that date.

\*\*Please note that 2022 will include one extra selling week compared with 2021, which will occur in the fourth quarter.

\*\*\*FY2022 Guidance is as of November 1, 2022 and should not be considered an update of guidance beyond that date. Our guidance for 2022 diluted EPS is for completed or previously announced acquisitions and does not include potential future acquisitions or integration and restructuring expenses. Guidance also assumes that foreign currency exchange rates will remain generally consistent with current levels, end markets will remain consistent with current market conditions, and that there are no material adverse market changes

associated with COVID-19.



# ESG Action & Reporting



- **Working on SBTi readiness and supply chain climate roadmap** towards our carbon reduction goal.
- European team launching new brand, **Practice Green, January 2023.**
- Participating in National Academy of Medicine partnership case study.

- **Continued commitment to TSM health and safety** to drive a culture of overall wellness
- Published EEO-1 Data
- Increase the diversity of underrepresented groups in senior leadership roles in 2022
- Commitment to donate \$50M in cash and product by 2025 to advance health equity. **To date, donated over \$21.5M to expand access to care for underserved and underrepresented communities.**
- Launched Human Rights Statement and launching a human rights compliance training course for 2023.

- **Issued 2021 Sustainability and CSR Report per SASB and GRI reporting framework**
- **Issued our TCFD Report**
- **ESG Assurance Readiness and TCFD Scenario Analysis work** by KPMG to be completed soon
- **Environmental Impact Council activated** with Board and EMC engagement.

# Appendix

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Q3 FY2022

# PPE & COVID-19 Test Kits Sales Summary

<i>\$ Millions</i>	Q3 FY2022	Q3 FY2021	y/y Δ	y/y LCI Δ
North America Dental Consumables PPE	\$71	\$131	-45.8%	-46.1%
Int'l Dental Consumables PPE	23	39	-41.8%	-34.9%
Global Medical PPE & COVID-19 Test Kits	150	333	-55.0%	-55.1%
<b>Total PPE &amp; COVID-19 Test Kits</b>	<b>\$244</b>	<b>\$503</b>	<b>-51.6%</b>	<b>-51.2%</b>

# GAAP & Non-GAAP Reconciliations

## Q3 FY2022 Financial Highlights

Henry Schein, Inc.  
Third Quarter 2022 Analyst Presentation  
Q3 2022 - Financial Highlights  
(in millions, except per share data)

	Reconciling Items									
	GAAP			Restructuring and Integration Costs		Gain on Sale of Equity Investment		Non-GAAP		
	Q3 2021	Q3 2022	Growth	2021	2022	2021	2022	Q3 2021	Q3 2022	Growth
Net Sales	\$ 3,178	\$ 3,067	-3.5%					\$ 3,178	\$ 3,067	-3.5%
Operating Income	\$ 211	\$ 211	-0.2%	\$ (0)	\$ 10	\$ -	\$ -	\$ 211	\$ 220	4.6%
Operating Margin	6.63%	6.86%	23 bps					6.63%	7.18%	55 bps
Net Income	\$ 162	\$ 150	-7.7%	\$ (0)	\$ 7	\$ (7)	\$ -	\$ 155	\$ 157	1.5%
Diluted EPS	\$ 1.15	\$ 1.09	-5.2%	\$ -	\$ 0.05	\$ (0.05)	\$ -	\$ 1.10	\$ 1.15	4.5%

Note: Amounts may not sum due to rounding.

This presentation includes both GAAP and non-GAAP financial results. We believe the non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable the comparison of financial results between periods where certain items may vary independently of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business. These non-GAAP financial measures are presented solely for informational and comparative purposes and should not be regarded as a replacement for corresponding GAAP measures.

# GAAP & Non-GAAP Reconciliations

## 2021 Financial Highlights

Henry Schein, Inc.  
Third Quarter 2022 Analyst Presentation  
Full Year 2021 Financial Highlights  
From Continuing Operations  
(in millions, except per share data)

	Reconciling Items													
	GAAP			Restructuring Costs		Settlement and Litigation Costs		Net Gain on Sale of Equity Investments		Total Reconciling Items		Non-GAAP		
	2020	2021	Growth	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	Growth
Net Sales	\$ 10,119	\$ 12,401	22.6%							\$ -	\$ -	\$ 10,119	\$ 12,401	22.6%
Operating Income	\$ 535	\$ 852	59.1%	\$ 32	\$ 8		\$ 16			\$ 32	\$ 24	\$ 567	\$ 875	54.3%
Operating Margin	5.29%	6.87%	158 bps									5.61%	7.06%	145 bps
Net Income	\$ 403	\$ 631	56.7%	\$ 24	\$ 6	\$ -	\$ 11	\$ (2)	\$ (7)	\$ 22	\$ 9	\$ 425	\$ 641	50.6%
Diluted EPS	\$ 2.81	\$ 4.45	58.4%	\$ 0.17	\$ 0.04	\$ -	\$ 0.08	\$ (0.01)	\$ (0.05)	\$ 0.16	\$ 0.07	\$ 2.97	\$ 4.52	52.2%

Note: Amounts may not sum due to rounding.

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