

Henry Schein Reports Record Third Quarter 2020 Financial Results From Continuing Operations

November 2, 2020

- **Internal sales growth in local currencies of 13.0% driven by personal protective equipment and COVID-19-related products**
- **GAAP diluted EPS from continuing operations of \$0.99 versus prior-year GAAP diluted EPS from continuing operations of \$0.91**
- **Non-GAAP diluted EPS from continuing operations of \$1.03 versus prior-year non-GAAP diluted EPS from continuing operations of \$0.90**
- **Strong balance sheet bolstered by quarterly cash flow from operations of \$261.3 million**

MELVILLE, N.Y.--(BUSINESS WIRE)--Nov. 2, 2020-- Henry Schein, Inc. (Nasdaq: HSI), the world's largest provider of health care solutions to office-based dental and medical practitioners, today reported record third quarter 2020 financial results from continuing operations. Results from continuing operations exclude contributions from Henry Schein's former Animal Health business, which was spun off in February 2019 to form a new publicly traded company, Covetrus (Nasdaq: CVET).

Net sales for the quarter ended September 26, 2020, were \$2.8 billion, an increase of 13.2% compared with the third quarter of 2019. The 13.2% increase included 13.0% internal growth in local currencies, 0.1% growth from acquisitions and 0.1% growth related to foreign currency exchange. (See Exhibit A for details of sales growth and a reconciliation of this non-GAAP measure to GAAP sales).

GAAP net income attributable to Henry Schein, Inc. from continuing operations for the third quarter of 2020 was \$141.7 million, or \$0.99 per diluted share, compared with prior-year GAAP net income from continuing operations of \$134.9 million, or \$0.91 per diluted share. Non-GAAP net income from continuing operations for the third quarter of 2020 was \$147.0 million, or \$1.03 per diluted share, compared with prior-year non-GAAP net income from continuing operations of \$134.3 million, or \$0.90 per diluted share. Non-GAAP results for the third quarter of 2020 and 2019 exclude certain items noted in Exhibit B, which provides a reconciliation of GAAP net income from continuing operations and diluted EPS from continuing operations to non-GAAP net income and diluted EPS from continuing operations. Both GAAP and non-GAAP net income for the third quarter 2020 were favorably impacted by a U.S. federal income tax settlement reached during the quarter, which lowered income tax expense by approximately \$15.6 million, or \$0.11 per diluted share.

"2020 has been an extraordinarily challenging and unpredictable year for our team, customers and suppliers. I commend the work and sacrifice of Team Schein to support business continuity for our customers. The pandemic caused disruption to the supply chain and as suppliers reacted to increased demand for personal protective equipment (PPE) and shortages of raw materials our markets experienced significant price volatility. As a result of the hard work and dedication of the team throughout the COVID-19 crisis, we were ready to assist our dental and medical customers, many of whom were subject to work restrictions and faced severe challenges, as they returned to their offices to provide safe, quality clinical care," said Stanley M. Bergman, Chairman of the Board and Chief Executive Officer of Henry Schein. "The strong rebound in sales that began late in the second quarter continued into the third quarter, with growth over the prior year driven by sales of PPE and COVID-19-related products. This growth, coupled with the various actions we took earlier in the year to reduce operating expenses, resulted in diluted EPS that grew 8.8% on a GAAP basis and 14.4% on a non-GAAP basis. Operating margin was primarily negatively impacted by significant inventory cost adjustments associated with PPE and COVID-19 related products, offset by lower expenses. Most of the temporary expense-reduction initiatives have now ended, and although we expect PPE and COVID-19-related product sales to positively impact dental and medical consumable merchandise sales into the future, we expect overall sales growth to moderate from the third quarter.

"We remain committed to the well-being of Team Schein and our disciplined strategy that is focused on the success of our customers, helping practitioners to efficiently manage their practices while providing quality care, as the driver of long-term profitable growth of the company. Given the challenging macro environment that started with the onset of the pandemic, earlier this year we paused our long-standing program of strategic acquisitions. Yet as global business conditions have improved, we will resume these activities. We now have significant opportunities to allocate capital in support of our strategic plan, with the goal of maintaining a strong balance sheet and increasing operating cash flow over time," said Mr. Bergman.

Dental sales for the third quarter of 2020 of \$1.6 billion increased 6.7% versus the prior year. In local currencies, internally generated sales increased 6.5% with 0.1% growth from acquisitions and 0.1% growth related to foreign currency exchange. The 6.5% internal growth in local currencies included an increase of 6.3% in North America and an increase of 6.9% internationally.

In North America, dental consumable merchandise internal sales in local currencies increased 8.1% and dental equipment internal sales in local currencies increased 0.2%. Internationally, dental consumable merchandise internal sales in local currencies increased 11.1% and dental equipment internal sales in local currencies declined 6.9%.

"Customer demand for PPE and COVID-19-related products increased as patients began to return to dental practices globally, resulting in strong consumable merchandise sales growth. While recent growth in COVID-19 cases and infection rates are creating renewed uncertainty in certain geographies, the current global dental end markets continue to improve overall and are generally stable," noted Mr. Bergman.

Medical sales for the third quarter of 2020 of \$1.0 billion increased 27.8% compared to the same period last year, consisting of 27.7% growth in local currencies and 0.1% growth related to foreign currency exchange. There was no acquisition growth in the quarter.

"Medical sales reached \$1.0 billion for the first time this quarter, with growth driven by strong demand for PPE and COVID-19-related products," remarked Mr. Bergman. "Whereas during the first months of the pandemic COVID-19 test solutions were being allocated primarily to the federal government for distribution, we are now securing improved access to these products. As we move into 2021, we expect testing solution availability for

practitioners to continue to improve as more tests are approved and as further allocation to the private sector markets occurs in line with manufacturing capacity increases.”

Technology and Value-Added Services sales from continuing operations of \$138.4 million increased 0.7% versus the prior year. The 0.7% increase included a 1.3% decline in internal growth in local currencies, offset by 1.6% growth from acquisitions and 0.4% growth related to foreign currency exchange.

“The slight decline in Technology and Value-Added Services internal sales in local currencies was impacted by lower than historical patient flow, which resulted in lower Henry Schein One transactional revenue. In addition, our financial services revenue was negatively impacted by lower equipment sales volume,” said Mr. Bergman.

Year-to-Date Financial Results

Net sales from continuing operations for the first nine months of 2020 were \$7.0 billion, a decrease of 5.0% compared with the first nine months of 2019. In local currencies, internally generated sales decreased 5.1%. Changes in foreign currency exchange resulted in a 0.6% decline in sales, while acquisitions contributed 0.7% growth.

GAAP net income attributable to Henry Schein, Inc. from continuing operations for the first nine months of 2020 was \$260.9 million, or \$1.82 per diluted share, compared with GAAP net income from continuing operations for the first nine months of 2019 of \$370.1 million, or \$2.47 per diluted share. Non-GAAP net income from continuing operations for the first nine months of 2020 was \$281.7 million, or \$1.97 per diluted share, compared with non-GAAP net income from continuing operations for the first nine months of 2019 of \$380.6 million, or \$2.54 per diluted share. Non-GAAP results for the first nine months of 2020 and 2019 exclude certain items noted in Exhibit B, which provides a reconciliation of GAAP net income from continuing operations and diluted EPS from continuing operations to non-GAAP net income and diluted EPS from continuing operations.

Financial Guidance

Due to the continued uncertainty surrounding the COVID-19 pandemic and its impact on business operations, Henry Schein is not providing financial guidance at this time.

Third Quarter 2020 Conference Call Webcast

The Company will hold a conference call to discuss third quarter 2020 financial results today, beginning at 10:00 a.m. Eastern time. Individual investors are invited to listen to the conference call through Henry Schein’s website by visiting www.henryschein.com/IRwebcasts. In addition, a replay will be available beginning shortly after the call has ended.

About Henry Schein, Inc.

Henry Schein, Inc. (Nasdaq: HSIC) is a solutions company for health care professionals powered by a network of people and technology. With more than 19,000 [Team Schein Members](#) worldwide, the Company’s network of trusted advisors provides more than 1 million customers globally with more than 300 valued solutions that improve operational success and clinical outcomes. Our Business, Clinical, Technology, and Supply Chain solutions help office-based [dental](#) and [medical](#) practitioners work more efficiently so they can provide quality care more effectively. These solutions also support [dental laboratories](#), [government and institutional health care clinics](#), as well as other alternate care sites.

Henry Schein operates through a centralized and automated distribution network, with a selection of more than 120,000 branded products and Henry Schein private-brand products in stock, as well as more than 180,000 additional products available as special-order items.

A FORTUNE 500 Company and a member of the S&P 500® index, Henry Schein is headquartered in Melville, N.Y., and has operations or affiliates in 31 countries. The Company’s sales from continuing operations reached \$10.0 billion in 2019, and have grown at a compound annual rate of approximately 13 percent since Henry Schein became a public company in 1995.

For more information, visit Henry Schein at www.henryschein.com, [Facebook.com/HenrySchein](https://www.facebook.com/HenrySchein), and [@HenrySchein on Twitter](https://twitter.com/HenrySchein).

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. 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 percentage impact on these items), the rate and consistency with which dental and other practices resume normal operations in the United States and internationally, expectations regarding PPE and other COVID-19 related product sales and inventory levels and whether one or more resurgences of the virus will adversely impact the resumption of normal operations, as well as more generally current expectations regarding performance in current and future periods. Forward looking statements also include the Company’s ability to make additional testing available, the nature of those tests and the number of tests intended to be made available and the timing for availability, the nature of the target market, 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. A full discussion of our operations and financial condition, 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, 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.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: effects of a highly competitive and consolidating market; increased competition by third party online commerce sites; our dependence on third parties for the manufacture and supply of our products; our dependence upon sales personnel, customers, suppliers and manufacturers; our dependence on our

senior management; fluctuations in quarterly earnings; 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 macro-economic conditions; risks associated with currency fluctuations; risks associated with political and economic uncertainty; disruptions in financial markets; volatility of the market price of our common stock; changes in the health care industry; implementation of health care laws; failure to comply with regulatory requirements and data privacy laws; risks associated with our global operations; risks associated with COVID-19, as well as other disease outbreaks, epidemics, pandemics, or similar wide spread public health concerns and other natural disasters; risks associated with the United Kingdom's withdrawal from the European Union; 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; litigation risks; new or unanticipated litigation developments and the status of litigation matters; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence on third parties for certain technologically advanced components; risks from disruption to our information systems; cyberattacks or other privacy or data security breaches; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation. 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.

Included within the press release 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 schedules attached to this press release, 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.

(TABLES TO FOLLOW)

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Net sales	\$ 2,840,146	\$ 2,508,767	\$ 6,953,416	\$ 7,316,862
Cost of sales	<u>2,085,847</u>	<u>1,747,600</u>	<u>4,998,784</u>	<u>5,036,574</u>
Gross profit	754,299	761,167	1,954,632	2,280,288
Operating expenses:				
Selling, general and administrative	559,636	574,771	1,572,816	1,742,597
Restructuring costs (credits)	6,992	(802)	27,713	15,764
Operating income	<u>187,671</u>	<u>187,198</u>	<u>354,103</u>	<u>521,927</u>
Other income (expense):				
Interest income	2,294	3,943	7,481	12,368
Interest expense	(11,111)	(12,373)	(29,409)	(41,459)
Other, net	<u>(1,699)</u>	<u>(177)</u>	<u>(2,210)</u>	<u>(2,012)</u>
Income from continuing operations before taxes, equity in earnings of affiliates and noncontrolling interests	177,155	178,591	329,965	490,824
Income taxes	<u>(29,005)</u>	<u>(41,964)</u>	<u>(65,965)</u>	<u>(117,326)</u>
Equity in earnings of affiliates	3,663	6,585	7,808	14,771
Net income from continuing operations	<u>151,813</u>	<u>143,212</u>	<u>271,808</u>	<u>388,269</u>
Income (loss) from discontinued operations, net of tax	<u>(29)</u>	<u>5,641</u>	<u>274</u>	<u>(5,576)</u>
Net income	<u>151,784</u>	<u>148,853</u>	<u>272,082</u>	<u>382,693</u>
Less: Net income attributable to noncontrolling interests	<u>(10,087)</u>	<u>(8,296)</u>	<u>(10,921)</u>	<u>(18,187)</u>
Plus: Net loss attributable to noncontrolling interests from discontinued operations	-	-	-	366
Net income attributable to Henry Schein, Inc.	<u>\$ 141,697</u>	<u>\$ 140,557</u>	<u>\$ 261,161</u>	<u>\$ 364,872</u>
Amounts attributable to Henry Schein Inc.:				
Continuing operations	\$ 141,726	\$ 134,916	\$ 260,887	\$ 370,082
Discontinued operations	<u>(29)</u>	<u>5,641</u>	<u>274</u>	<u>(5,210)</u>
Net income attributable to Henry Schein, Inc.	<u>\$ 141,697</u>	<u>\$ 140,557</u>	<u>\$ 261,161</u>	<u>\$ 364,872</u>

Earnings per share from continuing operations attributable to Henry Schein, Inc.:

Basic	\$	1.00	\$	0.92	\$	1.83	\$	2.49
Diluted	\$	0.99	\$	0.91	\$	1.82	\$	2.47

Earnings (loss) per share from discontinued operations attributable to Henry Schein, Inc.

Basic	\$	-	\$	0.04	\$	-	\$	(0.04)
Diluted	\$	-	\$	0.04	\$	-	\$	(0.04)

Earnings per share attributable to Henry Schein, Inc.:

Basic	\$	1.00	\$	0.96	\$	1.83	\$	2.46
Diluted	\$	0.99	\$	0.95	\$	1.82	\$	2.43

Weighted-average common shares outstanding:

Basic		142,362		147,136		142,553		148,603
Diluted		143,091		148,575		143,308		149,920

HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 26,	December 28,
	2020	2019
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 533,495	\$ 106,097
Accounts receivable, net of reserves of \$86,371 and \$60,002	1,407,676	1,246,246
Inventories, net	1,463,434	1,428,799
Prepaid expenses and other	464,645	445,360
Total current assets	<u>3,869,250</u>	<u>3,226,502</u>
Property and equipment, net	334,954	329,645
Operating lease right-of-use assets, net	249,895	231,662
Goodwill	2,488,962	2,462,495
Other intangibles, net	510,395	572,878
Investments and other	356,439	327,919
Total assets	<u>\$ 7,809,895</u>	<u>\$ 7,151,101</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,006,958	\$ 880,266
Bank credit lines	507,372	23,975
Current maturities of long-term debt	110,015	109,849
Operating lease liabilities	62,914	65,349
Accrued expenses:		
Payroll and related	250,365	265,206
Taxes	138,196	165,171
Other	527,987	528,553
Total current liabilities	<u>2,603,807</u>	<u>2,038,369</u>
Long-term debt	515,357	622,908
Deferred income taxes	32,408	64,989
Operating lease liabilities	200,611	176,267
Other liabilities	370,745	331,173
Total liabilities	<u>3,722,928</u>	<u>3,233,706</u>
Redeemable noncontrolling interests	294,700	287,258

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value, 480,000,000 shares authorized, 142,456,318 outstanding on September 26, 2020 and 143,353,459 outstanding on December 28, 2019	1,425	1,434
Additional paid-in capital	11,044	47,768
Retained earnings	3,314,136	3,116,215
Accumulated other comprehensive loss	(171,332)	(167,373)
Total Henry Schein, Inc. stockholders' equity	3,155,273	2,998,044
Noncontrolling interests	636,994	632,093
Total stockholders' equity	3,792,267	3,630,137
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$ 7,809,895	\$ 7,151,101

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Cash flows from operating activities:				
Net income	\$ 151,784	\$ 148,853	\$ 272,082	\$ 382,693
Income (loss) from discontinued operations	(29)	5,641	274	(5,576)
Income from continuing operations	151,813	143,212	271,808	388,269
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	44,569	46,855	140,664	136,210
Stock-based compensation (credit) expense	5,710	13,338	(6,648)	33,110
Provision for losses on trade and other accounts receivable	5,832	3,600	34,590	7,576
Benefit from deferred income taxes	(15,322)	(5,752)	(48,193)	(3,468)
Equity in earnings of affiliates	(3,663)	(6,585)	(7,808)	(14,771)
Distributions from equity affiliates	5,833	6,556	10,053	67,913
Changes in unrecognized tax benefits	(19,745)	(900)	(18,365)	3,535
Other	4,567	(1,077)	4,794	(2,122)
Changes in operating assets and liabilities, net of acquisitions:				
Accounts receivable	(299,530)	(97,932)	(199,858)	(115,384)
Inventories	(39,530)	(11,710)	(25,830)	75,093
Other current assets	136,870	(8,250)	(51,746)	(70,348)
Accounts payable and accrued expenses	283,853	145,039	144,953	19,567
Net cash provided by operating activities from continuing operations	261,257	226,394	248,414	525,180
Net cash provided by (used in) operating activities from discontinued operations	75	5,641	648	(163,653)
Net cash provided by operating activities	261,332	232,035	249,062	361,527
Cash flows from investing activities:				
Purchases of fixed assets	(7,211)	(18,248)	(37,799)	(48,956)
Payments related to equity investments and business acquisitions, net of cash acquired	(14,483)	(34,652)	(52,208)	(657,093)
Proceeds from sale of equity investment	-	-	12,000	10,500
Proceeds from (repayments to) loan to affiliate	278	580	(1,451)	16,448
Other	(2,899)	(3,486)	(14,498)	(12,248)
Net cash used in investing activities from continuing operations	(24,315)	(55,806)	(93,956)	(691,349)
Net cash used in investing activities from discontinued operations	-	-	-	(2,064)
Net cash used in investing activities	(24,315)	(55,806)	(93,956)	(693,413)
Cash flows from financing activities:				
Net change in bank borrowings	4,437	(134,834)	484,139	(843,846)
Proceeds from issuance of long-term debt	-	-	501,421	741
Principal payments for long-term debt	(877)	(1,214)	(610,457)	(10,252)
Debt issuance costs	(28)	-	(3,683)	(391)
Debt extinguishment costs	(401)	-	(401)	-

Proceeds from issuance of stock upon exercise of stock options	-	-	-	34
Payments for repurchases of common stock	-	(98,218)	(73,789)	(325,000)
Payments for taxes related to shares withheld for employee taxes	(294)	(224)	(14,007)	(10,751)
Distribution received related to Animal Health Spin-off	-	-	-	1,120,000
Proceeds related to Animal Health Share Sale	-	-	-	361,090
Proceeds from (distributions to) noncontrolling shareholders	(529)	4,031	(3,995)	53,429
Acquisitions of noncontrolling interests in subsidiaries	-	(88)	(14,934)	(2,358)
Proceeds from (payments to) Henry Schein Animal Health Business	75	46,400	139	(166,557)
Net cash provided by (used in) financing activities from continuing operations	2,383	(184,147)	264,433	176,139
Net cash provided by (used in) financing activities from discontinued operations	(75)	(5,641)	(648)	144,633
Net cash provided by (used in) financing activities	2,308	(189,788)	263,785	320,772
Effect of exchange rate changes on cash and cash equivalents from continuing operations	(1,940)	3,891	8,507	8,401
Effect of exchange rate changes on cash and cash equivalents from discontinued operations	-	-	-	(2,240)
Net change in cash and cash equivalents from continuing operations	237,385	(9,668)	427,398	18,371
Net change in cash and cash equivalents from discontinued operations	-	-	-	(23,324)
Cash and cash equivalents, beginning of period	296,110	84,924	106,097	56,885
Cash and cash equivalents, end of period	\$ 533,495	\$ 75,256	\$ 533,495	\$ 75,256

Exhibit A - QTD Sales

Henry Schein, Inc.
2020 Third Quarter
Sales Summary
(in thousands)
(unaudited)

Q3 2020 over Q3 2019

Global	Q3 2020	Q3 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$1,649,853	\$1,545,981	6.7%	0.1%	6.6%	0.1%	6.5%
Medical	<u>1,027,146</u>	<u>803,709</u>	27.8%	0.1%	27.7%	0.0%	27.7%
Total Health Care Distribution	2,676,999	2,349,690	13.9%	0.1%	13.8%	0.0%	13.8%
Technology and value-added services	<u>138,355</u>	<u>137,334</u>	0.7%	0.4%	0.3%	1.6%	-1.3%
Total excluding Corporate TSA Revenue	2,815,354	2,487,024	13.2%	0.1%	13.1%	0.2%	12.9%
Corporate TSA revenues (1)	<u>24,792</u>	<u>21,743</u>	14.0%	0.0%	14.0%	0.0%	14.0%
Total Global	<u>\$2,840,146</u>	<u>\$2,508,767</u>	13.2%	0.1%	13.1%	0.1%	13.0%

North America	Q3 2020	Q3 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$1,008,836	\$ 951,792	6.0%	-0.1%	6.1%	-0.2%	6.3%
Medical	<u>1,002,741</u>	<u>784,349</u>	27.8%	0.0%	27.8%	0.0%	27.8%
Total Health Care Distribution	2,011,577	1,736,141	15.9%	0.0%	15.9%	-0.2%	16.1%
Technology and value-added services	<u>120,949</u>	<u>120,199</u>	0.6%	0.0%	0.6%	0.8%	-0.2%
Total excluding Corporate TSA Revenue	2,132,526	1,856,340	14.9%	0.0%	14.9%	-0.1%	15.0%

Corporate TSA revenues (1)	<u>-</u>	<u>1,077</u>	n/a	n/a	n/a	n/a	n/a
Total North America	<u>\$2,132,526</u>	<u>\$1,857,417</u>	14.8%	-0.1%	14.9%	0.0%	14.9%
			Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
International	Q3 2020	Q3 2019					
Dental	\$ 641,017	\$ 594,189	7.9%	0.5%	7.4%	0.5%	6.9%
Medical	<u>24,405</u>	<u>19,360</u>	26.1%	5.4%	20.7%	0.0%	20.7%
Total Health Care Distribution	665,422	613,549	8.5%	0.6%	7.9%	0.5%	7.4%
Technology and value-added services	<u>17,406</u>	<u>17,135</u>	1.6%	3.9%	-2.3%	7.2%	-9.5%
Total excluding Corporate TSA Revenue	682,828	630,684	8.3%	0.7%	7.6%	0.7%	6.9%
Corporate TSA revenues (1)	<u>24,792</u>	<u>20,666</u>	20.0%	0.0%	20.0%	0.0%	20.0%
Total International	<u>\$ 707,620</u>	<u>\$ 651,350</u>	8.6%	0.6%	8.0%	0.7%	7.3%

(1) Corporate TSA revenues represents sales of certain products to Covetrus under the transition services agreement entered into in connection with the Animal Health spin-off, which has been substantially completed as of October 2020.

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

Exhibit A - YTD Sales

Henry Schein, Inc.
2020 Third Quarter Year-to-Date
Sales Summary
(in thousands)
(unaudited)

Q3 2020 Year-to Date over Q3 2019 Year-to-Date

	<u>Q3 2020</u>	<u>Q3 2019</u>	<u>Total Sales Growth</u>	<u>Foreign Exchange Growth</u>	<u>Local Currency Growth</u>	<u>Acquisition Growth</u>	<u>Local Internal Growth</u>
Global							
Dental	\$4,066,221	\$4,693,711	-13.4%	-1.0%	-12.4%	0.3%	-12.7%
Medical	<u>2,445,644</u>	<u>2,184,927</u>	11.9%	0.0%	11.9%	1.1%	10.8%
Total Health Care Distribution	6,511,865	6,878,638	-5.3%	-0.6%	-4.7%	0.6%	-5.3%
Technology and value-added services	<u>375,547</u>	<u>377,983</u>	-0.6%	0.0%	-0.6%	3.6%	-4.2%
Total excluding Corporate TSA Revenue	6,887,412	7,256,621	-5.1%	-0.6%	-4.5%	0.7%	-5.2%
Corporate TSA revenues (1)	<u>66,004</u>	<u>60,241</u>	9.6%	0.0%	9.6%	0.0%	9.6%
Total Global	<u>\$6,953,416</u>	<u>\$7,316,862</u>	-5.0%	-0.6%	-4.4%	0.7%	-5.1%
			Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
North America	Q3 2020	Q3 2019					
Dental	\$2,413,154	\$2,850,669	-15.3%	0.0%	-15.3%	-0.1%	-15.2%
Medical	<u>2,377,357</u>	<u>2,125,002</u>	11.9%	0.0%	11.9%	1.2%	10.7%
Total Health Care Distribution	4,790,511	4,975,671	-3.7%	0.0%	-3.7%	0.4%	-4.1%

Technology and value-added services	<u>327,374</u>	<u>327,709</u>	-0.1%	0.0%	-0.1%	3.1%	-3.2%
Total excluding Corporate TSA Revenue	5,117,885	5,303,380	-3.5%	0.0%	-3.5%	0.6%	-4.1%
Corporate TSA revenues (1)	<u>-</u>	<u>4,098</u>	n/a	n/a	n/a	n/a	n/a
Total North America	<u>\$5,117,885</u>	<u>\$5,307,478</u>	-3.6%	-0.1%	-3.5%	0.7%	-4.2%

International	Q3 2020	Q3 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$1,653,067	\$1,843,042	-10.3%	-2.2%	-8.1%	0.8%	-8.9%
Medical	<u>68,287</u>	<u>59,925</u>	14.0%	-0.1%	14.1%	0.0%	14.1%
Total Health Care Distribution	1,721,354	1,902,967	-9.5%	-2.1%	-7.4%	0.8%	-8.2%
Technology and value-added services	<u>48,173</u>	<u>50,274</u>	-4.2%	-0.5%	-3.7%	7.1%	-10.8%
Total excluding Corporate TSA Revenue	1,769,527	1,953,241	-9.4%	-2.1%	-7.3%	1.0%	-8.3%
Corporate TSA revenues (1)	<u>66,004</u>	<u>56,143</u>	17.6%	0.0%	17.6%	0.0%	17.6%
Total International	<u>\$1,835,531</u>	<u>\$2,009,384</u>	-8.7%	-2.1%	-6.6%	0.9%	-7.5%

(1) Corporate TSA revenues represents sales of certain products to Covetrus under the transition services agreement entered into in connection with the Animal Health spin-off, which has been substantially completed as of October 2020.

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

Exhibit B

Henry Schein, Inc.
2020 Third Quarter and Year-to-Date
Reconciliation of reported GAAP net income from continuing operations and diluted EPS from continuing operations attributable to Henry Schein, Inc. to non-GAAP net income from continuing operations and diluted EPS from continuing operations attributable to Henry Schein, Inc.
(in thousands, except per share data)
(unaudited)

	Third Quarter			Year-to-Date		
	2020	2019	% Growth	2020	2019	% Growth
Net income from continuing operations attributable to Henry Schein, Inc.	\$ 141,726	\$ 134,916	5.0%	\$ 260,887	\$ 370,082	(29.5)%
Diluted EPS from continuing operations attributable to Henry Schein, Inc.	\$ 0.99	\$ 0.91	8.8%	\$ 1.82	\$ 2.47	(26.3)%
Non-GAAP Adjustments						
Restructuring costs (credits) - Pre-tax (1)	\$ 6,992	\$ (802)		\$ 27,713	\$ 15,764	
Income tax expense (benefit) for restructuring costs (1)	(1,748)	201		(6,928)	(3,941)	
Tax credit related to Animal Health spin-off (2)	-	-		-	(1,333)	
Total non-GAAP adjustments to Net Income from continuing operations	\$ 5,244	\$ (601)		\$ 20,785	\$ 10,490	
Non-GAAP adjustments to diluted EPS from continuing operations	0.04	(0.01)		0.15	0.07	
Non-GAAP Net income from continuing operations attributable to Henry Schein, Inc.	\$ 146,970	\$ 134,315	9.4%	\$ 281,672	\$ 380,572	(26.0)%
Non-GAAP diluted EPS from continuing operations attributable to Henry Schein, Inc.	\$ 1.03	\$ 0.90	14.4%	\$ 1.97	\$ 2.54	(22.4)%

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. Earnings per share numbers may not sum due to rounding.

(1) Represents Q3 2020 restructuring costs of \$6,992, net of \$1,748 tax benefit, resulting in an after-tax effect of \$5,244, and YTD 2020 restructuring costs of 27,713, net of \$6,928 tax benefit, resulting in an after-tax effect of \$20,785. Represents Q3 2019 restructuring credits of \$802, net of \$201 tax expense, resulting in an after-tax effect of \$601, and YTD 2019 restructuring costs of \$15,764 net of \$3,941 tax benefit, resulting in an after-tax effect of \$11,823.

(2) Represents a change in estimate of \$1,333 to income tax expense related to a one-time tax expense recorded in Q4 2018 as a result of a reorganization of legal entities completed in preparation for the Animal Health spin-off, which was completed on February 7, 2019.

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Source: Henry Schein, Inc.