

Henry Schein Reports Fourth Quarter 2020 Financial Results From Continuing Operations

February 17, 2021

- **Total net sales growth of 18.6% in fourth quarter 2020 versus prior-year**
- **Record total net sales growth for second half of 2020**
- **GAAP diluted EPS from continuing operations of \$0.99 versus prior-year GAAP diluted EPS from continuing operations of \$2.25, which included a net gain on sale of equity investments of \$1.27**
- **Non-GAAP diluted EPS from continuing operations of \$1.00 versus prior-year non-GAAP diluted EPS from continuing operations of \$0.97**
- **Introduces guidance for 2021 non-GAAP diluted EPS from continuing operations**

MELVILLE, N.Y.--(BUSINESS WIRE)--Feb. 17, 2021-- Henry Schein, Inc. (Nasdaq: HSIC), the world's largest provider of health care solutions to office-based dental and medical practitioners, today reported fourth quarter 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).

Total net sales for the quarter ended December 26, 2020, were \$3.2 billion, an increase of 18.6% compared with the fourth quarter of 2019, driven by sales of personal protective equipment (PPE) and COVID-19 related products. The 18.6% increase included 17.1% internal growth in local currencies, 0.3% growth from acquisitions and 1.2% growth related to foreign currency exchange. (See Exhibit A for details of sales growth).

GAAP net income attributable to Henry Schein, Inc. from continuing operations for the fourth quarter of 2020 was \$141.9 million, or \$0.99 per diluted share, compared with prior-year GAAP net income from continuing operations of \$330.6 million, or \$2.25 per diluted share, which included a net gain on sale of equity investments of approximately \$186.8 million, or \$1.27 per diluted share. Non-GAAP net income from continuing operations for the fourth quarter of 2020 was \$143.6 million, or \$1.00 per diluted share, compared with prior-year non-GAAP net income from continuing operations of \$143.0 million, or \$0.97 per diluted share. Exhibit B provides a reconciliation of GAAP net income and diluted EPS from continuing operations to non-GAAP net income and diluted EPS from continuing operations. Operating margin was unfavorably impacted by significant inventory adjustments associated with PPE and COVID-19 related products, and lower supplier rebates, partially offset by lower expenses as a percentage of sales. Operating margin was also negatively impacted by a non-cash intangible asset impairment charge of approximately \$18.1 million, or \$0.07 per diluted share. Both GAAP and non-GAAP net income for the fourth quarter 2020 were favorably impacted by income tax resolutions in the U.S. and internationally, which lowered income tax expense by approximately \$14.6 million, or \$0.10 per diluted share.

"Against the backdrop of a most challenging year in our history due to the COVID-19 pandemic, with an unprecedented human toll and economic impact worldwide, Henry Schein's unwavering focus on our customers, along with our resilience and agility, enabled us to deliver fourth quarter total net sales growth of 18.6%. In addition, we delivered record total net sales growth for the second half of 2020 as our end markets have rebounded, and we recognize the commitment and sacrifice of our Team Schein Members globally," said Stanley M. Bergman, Chairman of the Board and Chief Executive Officer of Henry Schein. "We were successful in supporting practices that were initially open for emergency services and also assisting customers preparing to restore practices to increased operating capacity as restrictions eased. Over time, we expect that patient traffic will improve to pre-COVID-19 levels."

"I remain confident that Henry Schein is well-positioned for future continued success given the breadth of our products, services and support across the global dental and medical markets," Mr. Bergman continued.

Dental sales for the fourth quarter of 2020 of \$1.8 billion increased 7.2% versus the prior-year. In local currencies, internally generated sales increased 5.1% with 0.4% growth from acquisitions and 1.7% growth related to foreign currency exchange. The 5.1% internal growth in local currencies included a decline of 0.7% in North America and an increase of 14.2% internationally.

Global dental consumable merchandise internal sales increased by 10.0% in local currencies. Excluding PPE and COVID-19 related products, sales increased by 5.0%. In North America, dental consumable merchandise internal sales in local currencies increased 5.3%, or 0.4% excluding PPE and COVID-19 related products, and dental equipment internal sales in local currencies decreased 13.2%. Dental equipment sales performance was impacted by a difficult prior-year comparison. In addition, we believe some practices potentially held off on year-end equipment purchases as U.S. tax incentives may be more favorable in 2021. Internationally, dental consumable merchandise internal sales in local currencies increased 16.7%, or 11.4% excluding PPE and COVID-19 related products, and dental equipment internal sales in local currencies increased 6.8%.

"We reported strong overall global dental sales growth in the fourth quarter. High-acuity procedures, including dental specialties and restorative procedures, also contributed to year-over-year sales growth. The 5.0% quarterly growth rate for global dental consumable sales is among the highest recorded by Henry Schein since 2017. International sales results for both consumable merchandise and equipment were strong. Dental patient traffic has remained at stable levels compared to the third quarter of 2020, even in countries experiencing more stringent lockdown rules, with the exception of the U.K.," noted Mr. Bergman.

Medical sales for the fourth quarter of 2020 of \$1.2 billion increased 48.5% compared with the same period last year, consisting of 48.2% growth in local currencies with 0.3% growth related to foreign currency exchange. There was no acquisition growth in the quarter.

"Our Medical business experienced strong year-over-year sales growth in the fourth quarter driven by continued demand for PPE and COVID-19 related products, most specifically for COVID-19 test sales. For the second quarter in a row, our global Medical business has achieved over \$1 billion in quarterly sales," remarked Mr. Bergman. "Excluding sales of PPE and COVID-19 related products, sales increased by approximately 3.6%. We believe solid COVID-19 test sales growth is likely to continue while COVID-19 cases remain at relatively high levels."

Technology and Value-Added Services sales of \$138.7 million increased 1.2% versus the prior-year. The 1.2% increase included a decline of 0.7% in internal local currency sales, offset by 1.2% growth from acquisitions and 0.7% growth related to foreign currency exchange.

"Technology and Value-Added Services sales in the quarter were impacted by lower transactional revenue associated with a lower number of patient visits compared to pre-COVID-19 practice volume. We also experienced a difficult prior-year comparison that benefited from hardware upgrades as we helped transition customers to address new operating system requirements. In addition, lower dental equipment sales volume in North America impacted our hardware revenue," said Mr. Bergman. "We were pleased with solid growth in our Dentrix Ascend cloud-based software and North America financial services sales. We continue to invest in our technology solutions, including Henry Schein One, which is a key resource to help drive business success for dental practices."

2020 Financial Results

Total net sales for 2020 were \$10.1 billion, an increase of 1.3% compared with 2019. In local currencies, internally generated sales increased 0.8%. Changes in foreign currency exchange resulted in a 0.1% decline in sales, while acquisitions contributed 0.6% to growth.

GAAP net income attributable to Henry Schein, Inc. from continuing operations for 2020 was \$402.8 million, or \$2.81 per diluted share, compared with GAAP net income from continuing operations for 2019 of \$700.7 million, or \$4.69 per diluted share. Non-GAAP net income from continuing operations for 2020 was \$425.3 million, or \$2.97 per diluted share, compared with non-GAAP net income from continuing operations for 2019 of \$523.6 million, or \$3.51 per diluted share. The decline in non-GAAP net income was driven by COVID-19, primarily during the second quarter. Exhibit B provides a reconciliation of GAAP net income and diluted EPS from continuing operations to non-GAAP net income and diluted EPS from continuing operations.

Stock Repurchase Plan

Prior to the suspension of the Company's share repurchase program due to COVID-19, for fiscal year 2020 Henry Schein repurchased approximately 1.2 million shares of common stock at an average price of \$61.49 for a total of \$73.8 million. At fiscal year-end, Henry Schein had \$201 million authorized and available for future stock repurchases. Pursuant to amendments to certain credit facilities, Henry Schein is restricted from engaging in stock repurchases until the Company reports second-quarter 2021 financial results.

Financial Guidance

Henry Schein today introduced guidance for 2021 non-GAAP diluted EPS from continuing operations. At this time, the Company is not providing guidance for 2021 GAAP diluted EPS from continuing operations as it is unable to provide an accurate estimate of expenses related to an ongoing restructuring initiative in 2021. Financial guidance is as follows:

- 2021 non-GAAP diluted EPS from continuing operations attributable to Henry Schein, Inc. is expected to be at or above 2019 non-GAAP diluted EPS from continuing operations of \$3.51. The Company believes the comparison to 2019 non-GAAP diluted EPS from continuing operations is most appropriate given the impact of COVID-19 on 2020 results of operations.
- Guidance for 2021 non-GAAP diluted EPS attributable to Henry Schein, Inc. is for current continuing operations as well as completed or previously announced acquisitions, and does not include the impact of potential future acquisitions, if any, restructuring expenses or share repurchases. Guidance also assumes foreign exchange rates that are generally consistent with current levels, and that end markets remain stable and are consistent with current market conditions. Guidance does not assume any material market changes associated with COVID-19.

Adjustments to Projected 2021 Non-GAAP Diluted EPS

The Company has provided guidance for 2021 non-GAAP diluted EPS from continuing operations, as noted above. A reconciliation to the Company's projected 2021 diluted EPS from continuing operations prepared on a GAAP basis is not provided because the Company is unable to provide without unreasonable effort an estimate of costs related to an ongoing restructuring program to mitigate stranded costs and drive additional operating efficiencies, including the corresponding tax effect that will be included in the Company's 2021 diluted EPS from continuing operations prepared on a GAAP basis. The inability to provide these reconciliations is due to the uncertainty and inherent difficulty of predicting the occurrence, magnitude, financial impact, and the timing of related costs. Management does not believe these items are representative of the Company's underlying business performance. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

Fourth Quarter 2020 Conference Call Webcast

The Company will hold a conference call to discuss fourth 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 for a period of one week.

About Henry Schein, Inc.

Henry Schein, Inc. (Nasdaq: HSI) 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 help 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 and territories. The Company's sales reached \$10.1 billion in 2020, and have grown at a compound annual rate of approximately 12 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. 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, 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 related product sales and inventory levels and whether additional resurgences of the virus will adversely impact the resumption of normal operations, the impact of restructuring programs as well as of any future acquisitions, and more generally current expectations regarding performance in current and future periods. Forward looking statements also include the (i) ability of the Company 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 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, as well as other disease outbreaks, epidemics, pandemics, or similar wide spread public health concerns and other natural disasters or acts of terrorism; 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 potential 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 macro-economic and political conditions, including international trade agreements and potential trade barriers; 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 confidentiality of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation; litigation risks; new or unanticipated litigation developments and the status of litigation matters; cyberattacks or other privacy or data security breaches; risks associated with our global operations; our dependence on our senior management, as well as employee hiring and retention; 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.

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)

	Three Months Ended		Years Ended	
	December 26, 2020 (unaudited)	December 28, 2019 (unaudited)	December 26, 2020	December 28, 2019
Net sales	\$ 3,165,725	\$ 2,668,941	\$ 10,119,141	\$ 9,985,803
Cost of sales	2,306,014	1,858,343	7,304,798	6,894,917

Gross profit	859,711	810,598	2,814,343	3,090,886
Operating expenses:				
Selling, general and administrative	674,131	615,323	2,246,947	2,357,920
Restructuring costs (credits)	4,380	(1,059)	32,093	14,705
Operating income	181,200	196,334	535,303	718,261
Other income (expense):				
Interest income	2,361	3,389	9,842	15,757
Interest expense	(11,968)	(9,333)	(41,377)	(50,792)
Other, net	(1,663)	(907)	(3,873)	(2,919)
Income from continuing operations before taxes, equity in earnings of affiliates and noncontrolling interests	169,930	189,483	499,895	680,307
Income taxes	(29,409)	(42,189)	(95,374)	(159,515)
Equity in earnings of affiliates	4,536	3,129	12,344	17,900
Net gain on sale of equity investments	1,572	186,769	1,572	186,769
Net income from continuing operations	146,629	337,192	418,437	725,461
Income (loss) from discontinued operations, net of tax	712	(747)	986	(6,323)
Net income	147,341	336,445	419,423	719,138
Less: Net income attributable to noncontrolling interests	(4,708)	(6,583)	(15,629)	(24,770)
Plus: Net loss attributable to noncontrolling interests from discontinued operations	-	-	-	366
Net income attributable to Henry Schein, Inc.	\$ 142,633	\$ 329,862	\$ 403,794	\$ 694,734
Amounts attributable to Henry Schein Inc.:				
Continuing operations	\$ 141,921	\$ 330,609	\$ 402,808	\$ 700,691
Discontinued operations	712	(747)	986	(5,957)
Net income attributable to Henry Schein, Inc.	\$ 142,633	\$ 329,862	\$ 403,794	\$ 694,734

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

Basic	\$ 1.00	\$ 2.27	\$ 2.83	\$ 4.74
Diluted	\$ 0.99	\$ 2.25	\$ 2.81	\$ 4.69

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

Basic	\$ 0.01	\$ (0.01)	\$ 0.01	\$ (0.04)
Diluted	\$ -	\$ (0.01)	\$ 0.01	\$ (0.04)

Earnings per share attributable to Henry Schein, Inc.:

Basic	\$ 1.00	\$ 2.27	\$ 2.83	\$ 4.70
Diluted	\$ 1.00	\$ 2.24	\$ 2.82	\$ 4.65

Weighted-average common shares outstanding:

Basic	142,379	145,404	142,504	147,817
Diluted	143,328	147,078	143,404	149,257

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

	December 26, 2020	December 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 421,185	\$ 106,097
Accounts receivable, net of reserves of \$88,030 and \$60,002	1,424,787	1,246,246
Inventories, net	1,512,499	1,428,799
Prepaid expenses and other	432,944	445,360

Total current assets	3,791,415	3,226,502
Property and equipment, net	342,004	329,645
Operating lease right-of-use assets, net	288,847	231,662
Goodwill	2,504,392	2,462,495
Other intangibles, net	479,429	572,878
Investments and other	366,445	327,919
Total assets	<u>\$ 7,772,532</u>	<u>\$ 7,151,101</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 1,005,655	\$ 880,266
Bank credit lines	73,366	23,975
Current maturities of long-term debt	109,836	109,849
Operating lease liabilities	64,716	65,349
Accrued expenses:		
Payroll and related	295,329	265,206
Taxes	138,671	165,171
Other	595,529	528,553
Total current liabilities	<u>2,283,102</u>	2,038,369
Long-term debt	515,773	622,908
Deferred income taxes	30,065	64,989
Operating lease liabilities	238,727	176,267
Other liabilities	392,781	331,173
Total liabilities	<u>3,460,448</u>	3,233,706

Redeemable noncontrolling interests	327,699	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, 142,462,571 outstanding on December 26, 2020 and 143,353,459 outstanding on December 28, 2019	1,425	1,434
Additional paid-in capital	-	47,768
Retained earnings	3,454,831	3,116,215
Accumulated other comprehensive loss	(108,084)	(167,373)
Total Henry Schein, Inc. stockholders' equity	<u>3,348,172</u>	2,998,044
Noncontrolling interests	636,213	632,093
Total stockholders' equity	<u>3,984,385</u>	3,630,137
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 7,772,532</u>	<u>\$ 7,151,101</u>

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

	Three Months Ended		Years Ended	
	December 26, 2020	December 28, 2019	December 26, 2020	December 28, 2019
	(unaudited)	(unaudited)		
Cash flows from operating activities:				
Net income	\$ 147,341	\$ 336,445	\$ 419,423	\$ 719,138
Income (loss) from discontinued operations	712	(747)	986	(6,323)
Income from continuing operations	<u>146,629</u>	337,192	<u>418,437</u>	725,461
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	47,023	48,732	185,538	184,942
Impairment charge on intangible assets	18,126	-	20,275	-
Gain on sale of equity investments	(2,096)	(250,167)	(2,096)	(250,167)
Stock-based compensation expense	15,436	11,810	8,788	44,920
Provision for losses on trade and other accounts receivable	547	5,036	35,137	12,612
Benefit from deferred income taxes	(4,784)	(589)	(52,977)	(4,057)
Equity in earnings of affiliates	(4,536)	(3,129)	(12,344)	(17,900)

Distributions from equity affiliates	5,949	3,556	16,002	71,469
Changes in unrecognized tax benefits	(6,516)	(1,594)	(24,881)	1,941
Other	10,876	7,806	5,012	5,684
Changes in operating assets and liabilities, net of acquisitions:				
Accounts receivable	10,509	42,695	(189,349)	(72,689)
Inventories	(5,987)	(60,391)	(31,817)	14,702
Other current assets	45,267	13,057	(6,479)	(57,291)
Accounts payable and accrued expenses	68,662	141,284	224,273	160,851
Net cash provided by operating activities from continuing operations	345,105	295,298	593,519	820,478
Net cash provided by (used in) operating activities from discontinued operations	4,743	(2,738)	5,391	(166,391)
Net cash provided by operating activities	349,848	292,560	598,910	654,087
Cash flows from investing activities:				
Purchases of fixed assets	(11,030)	(27,263)	(48,829)	(76,219)
Proceeds (payments) related to equity investments and business acquisitions, net of cash acquired	(7,965)	1,214	(60,173)	(655,879)
Proceeds from sale of equity investment	2,020	296,751	14,020	307,251
Proceeds from (repayments to) loan to affiliate	208	265	(1,243)	16,713
Other	(4,296)	(1,927)	(18,794)	(14,175)
Net cash provided by (used in) investing activities from continuing operations	(21,063)	269,040	(115,019)	(422,309)
Net cash used in investing activities from discontinued operations	-	-	-	(2,064)
Net cash provided by (used in) investing activities	(21,063)	269,040	(115,019)	(424,373)
Cash flows from financing activities:				
Net change in bank borrowings	(439,057)	(84,066)	45,082	(927,912)
Proceeds from issuance of long-term debt	-	-	501,421	741
Principal payments for long-term debt	(759)	(250,692)	(611,216)	(260,944)
Debt issuance costs	(196)	-	(3,879)	(391)
Debt extinguishment costs	-	-	(401)	-
Proceeds from issuance of stock upon exercise of stock options	-	-	-	34
Payments for repurchases of common stock	-	(200,000)	(73,789)	(525,000)
Payments for taxes related to shares withheld for employee taxes	(292)	(63)	(14,299)	(10,814)
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	(3,891)	(1,931)	(7,886)	51,498
Acquisitions of noncontrolling interests in subsidiaries	(4,604)	-	(19,538)	(2,358)
Proceeds from (payments to) Henry Schein Animal Health Business	2,572	(2,738)	2,711	(169,295)
Net cash used in financing activities from continuing operations	(446,227)	(539,490)	(181,794)	(363,351)
Net cash provided by (used in) financing activities from discontinued operations	(4,743)	2,738	(5,391)	147,371
Net cash used in financing activities	(450,970)	(536,752)	(187,185)	(215,980)
Effect of exchange rate changes on cash and cash equivalents from continuing operations	9,875	5,993	18,382	14,394
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	(112,310)	30,841	315,088	49,212
Net change in cash and cash equivalents from discontinued operations	-	-	-	(23,324)
Cash and cash equivalents, beginning of period	533,495	75,256	106,097	56,885
Cash and cash equivalents, end of period	\$ 421,185	\$ 106,097	\$ 421,185	\$ 106,097

Exhibit A - Fourth Quarter Sales

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

Q4 2020 over Q4 2019

Global	Q4 2020	Q4 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
---------------	----------------	----------------	---------------------------	--------------------------------	------------------------------	---------------------------	------------------------------

Dental	\$ 1,846,372	\$ 1,722,154	7.2%	1.7%	5.5%	0.4%	5.1%
Medical	<u>1,171,373</u>	<u>788,659</u>	48.5%	0.3%	48.2%	0.0%	48.2%
Total Health Care Distribution	3,017,745	2,510,813	20.2%	1.3%	18.9%	0.3%	18.6%
Technology and value-added services	<u>138,711</u>	<u>137,102</u>	1.2%	0.7%	0.5%	1.2%	-0.7%
Total excluding Corporate TSA Revenue	3,156,456	2,647,915	19.2%	1.2%	18.0%	0.4%	17.6%
Corporate TSA revenues (1)	<u>9,269</u>	<u>21,026</u>	-55.9%	0.0%	-55.9%	0.0%	-55.9%
Total Global	\$ 3,165,725	\$ 2,668,941	18.6%	1.2%	17.4%	0.3%	17.1%

North America	Q4 2020	Q4 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$ 1,058,367	\$ 1,061,077	-0.3%	0.1%	-0.4%	0.3%	-0.7%
Medical	<u>1,137,313</u>	<u>769,135</u>	47.9%	0.0%	47.9%	0.0%	47.9%
Total Health Care Distribution	2,195,680	1,830,212	20.0%	0.1%	19.9%	0.1%	19.8%
Technology and value-added services	<u>119,456</u>	<u>117,608</u>	1.6%	0.1%	1.5%	0.9%	0.6%
Total excluding Corporate TSA Revenue	2,315,136	1,947,820	18.9%	0.1%	18.8%	0.2%	18.6%
Corporate TSA revenues (1)	<u>-</u>	<u>-</u>	n/a	n/a	n/a	n/a	n/a
Total North America	\$ 2,315,136	\$ 1,947,820	18.9%	0.1%	18.8%	0.2%	18.6%

International	Q4 2020	Q4 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$ 788,005	\$ 661,077	19.2%	4.3%	14.9%	0.7%	14.2%
Medical	<u>34,060</u>	<u>19,524</u>	74.5%	11.4%	63.1%	0.0%	63.1%
Total Health Care Distribution	822,065	680,601	20.8%	4.5%	16.3%	0.7%	15.6%
Technology and value-added services	<u>19,255</u>	<u>19,494</u>	-1.2%	4.4%	-5.6%	2.8%	-8.4%
Total excluding Corporate TSA Revenue	841,320	700,095	20.2%	4.6%	15.6%	0.6%	15.0%
Corporate TSA revenues (1)	<u>9,269</u>	<u>21,026</u>	-55.9%	0.0%	-55.9%	0.0%	-55.9%
Total International	\$ 850,589	\$ 721,121	18.0%	4.4%	13.6%	0.7%	12.9%

(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 ended in December 2020.

Exhibit A - Full Year Sales

Henry Schein, Inc.
Full Year 2020
Sales Summary
(in thousands)
(unaudited)

Full Year 2020 over Full Year 2019

Global	Full Year 2020	Full Year 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$ 5,912,593	\$ 6,415,865	-7.8%	-0.2%	-7.6%	0.4%	-8.0%
Medical	<u>3,617,017</u>	<u>2,973,586</u>	21.6%	0.0%	21.6%	0.9%	20.7%
Total Health Care Distribution	9,529,610	9,389,451	1.5%	-0.1%	1.6%	0.5%	1.1%
Technology and value-added services	<u>514,258</u>	<u>515,085</u>	-0.2%	0.1%	-0.3%	2.9%	-3.2%
Total excluding Corporate TSA Revenue	10,043,868	9,904,536	1.4%	-0.1%	1.5%	0.6%	0.9%
Corporate TSA revenues (1)	<u>75,273</u>	<u>81,267</u>	-7.4%	0.0%	-7.4%	0.0%	-7.4%
Total Global	\$ <u>10,119,141</u>	\$ <u>9,985,803</u>	1.3%	-0.1%	1.4%	0.6%	0.8%

North America	Full Year 2020	Full Year 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$ 3,471,521	\$ 3,911,746	-11.3%	-0.1%	-11.2%	0.0%	-11.2%
Medical	<u>3,514,670</u>	<u>2,894,137</u>	21.4%	0.0%	21.4%	0.9%	20.5%
Total Health Care Distribution	6,986,191	6,805,883	2.6%	-0.1%	2.7%	0.4%	2.3%
Technology and value-added services	<u>446,830</u>	<u>445,317</u>	0.3%	-0.1%	0.4%	2.6%	-2.2%
Total excluding Corporate TSA Revenue	7,433,021	7,251,200	2.5%	0.0%	2.5%	0.5%	2.0%
Corporate TSA revenues (1)	<u>-</u>	<u>4,098</u>	n/a	n/a	n/a	n/a	n/a
Total North America	\$ <u>7,433,021</u>	\$ <u>7,255,298</u>	2.4%	-0.1%	2.5%	0.5%	2.0%

International	Full Year 2020	Full Year 2019	Total Sales Growth	Foreign Exchange Growth	Local Currency Growth	Acquisition Growth	Local Internal Growth
Dental	\$ 2,441,072	\$ 2,504,119	-2.5%	-0.5%	-2.0%	0.8%	-2.8%
Medical	<u>102,347</u>	<u>79,449</u>	28.8%	2.6%	26.2%	0.0%	26.2%
Total Health Care Distribution	2,543,419	2,583,568	-1.6%	-0.4%	-1.2%	0.7%	-1.9%
Technology and value-added services	<u>67,428</u>	<u>69,768</u>	-3.4%	0.9%	-4.3%	5.8%	-10.1%
Total excluding Corporate TSA Revenue	2,610,847	2,653,336	-1.6%	-0.4%	-1.2%	0.9%	-2.1%
Corporate TSA revenues (1)	<u>75,273</u>	<u>77,169</u>	-2.5%	0.0%	-2.5%	0.0%	-2.5%
Total International	\$ <u>2,686,120</u>	\$ <u>2,730,505</u>	-1.6%	-0.3%	-1.3%	0.8%	-2.1%

(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 ended in December 2020.

Exhibit B

Henry Schein, Inc.
2020 Fourth Quarter and Full Year
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)

	Fourth Quarter			Full Year		
	2020	2019	%	2020	2019	%
Net Income from continuing operations attributable to Henry Schein, Inc.	\$ 141,921	\$ 330,609	(57.1)%	\$ 402,808	\$ 700,691	(42.5)%
Diluted EPS from continuing operations attributable to Henry Schein, Inc.	\$ 0.99	\$ 2.25	(56.0)%	\$ 2.81	\$ 4.69	(40.1)%
Non-GAAP Adjustments						
Restructuring costs (credits) - Pre-tax (1)	\$ 4,380	\$ (1,059)		\$ 32,093	\$ 14,705	
Income tax expense (benefit) for restructuring costs (credits) (1)	(1,095)	265		(8,023)	(3,676)	
Net gain on sale of equity investments (2)	(1,572)	(186,769)		(1,572)	(186,769)	
Tax credit related to Animal Health spin-off (3)	-	-		-	(1,333)	
Total non-GAAP adjustments to Net Income from continuing operations	\$ 1,713	\$ (187,563)		\$ 22,498	\$ (177,073)	
Non-GAAP adjustments to diluted EPS from continuing operations	\$ 0.01	\$ (1.28)		\$ 0.16	\$ (1.19)	
Non-GAAP Net Income from continuing operations attributable to Henry Schein, Inc.	\$ 143,634	\$ 143,046	0.4%	\$ 425,306	\$ 523,618	(18.8)%
Non-GAAP diluted EPS from continuing operations attributable to Henry Schein, Inc.	\$ 1.00	\$ 0.97	3.1%	\$ 2.97	\$ 3.51	(15.4)%

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 Q4 2020 restructuring costs of \$4,380, net of \$1,095 tax benefit, resulting in an after-tax effect of \$3,285, and 2020 restructuring costs of \$32,093, net of \$8,023 tax benefit, resulting in an after-tax effect of \$24,070. Represents Q4 2019 restructuring credits of \$1,059, net of \$265 tax expense, resulting in an after-tax effect of \$794, and 2019 restructuring costs of \$14,705 net of \$3,676 tax benefit, resulting in an after-tax effect of \$11,029.
- (2) Represents a net after-tax gain on a sale of equity investments during Q4 2020 and Q4 2019.
- (3) 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.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210217005411/en/): <https://www.businesswire.com/news/home/20210217005411/en/>

Investors

Steven Paladino
Executive Vice President and Chief Financial Officer
steven.paladino@henryschein.com
(631) 843-5500

Carolynne Borders
Vice President, Investor Relations
carolynne.borders@henryschein.com
(631) 390-8105

Media

Ann Marie Gothard
Vice President, Corporate Media Relations
annmarie.gothard@henryschein.com
(631) 390-8169

Source: Henry Schein, Inc.