

Henry Schein, Inc. Announces Record First Quarter Results

May 3, 1999

- Adjusted Operating Margin Increases 110 Basis Points -

MELVILLE, N.Y., May 3 /PRNewswire/ -- Henry Schein, Inc. (Nasdaq: HSIC) today announced that strong operating margin expansion contributed to record financial results for the first quarter ended March 27, 1999, compared to restated results for 1998.

For the three months ended March 27, 1999, net sales increased 19%, to \$536 million, from \$450 million for the first quarter last year. Excluding merger and integration costs and including pro forma adjustments, adjusted net income rose 27%, to \$11.3 million, as compared to \$8.9 million for the same quarter last year. Diluted earnings per share, after adjustments, grew 23%, to \$.27 versus \$.22 in the 1998 first quarter, on 3% more average shares outstanding.

Stanley M. Bergman, Chairman, Chief Executive Officer, and President of Henry Schein, Inc. stated, "We are very pleased to begin 1999 with our most successful first quarter. Our operating margin of 4.4% reflects expansion of over 100 basis points from the first quarter of 1998. The consistent margin improvements that we have achieved are a tribute to the success of the most basic tenet of our corporate growth strategy -- to leverage our core infrastructure."

Mr. Bergman added, "The integration of the H. Meer Dental Supply Co. is proceeding extremely well. By the end of the first quarter we had closed the former Meer distribution center, one quarter ahead of schedule, and began processing that business through our existing distribution network. In the second quarter we will complete the consolidation of the Meer equipment sales and service centers, thereby concluding the integration of Meer on schedule. Our Dental Group, which has concentrated on completing the integrations of Sullivan Dental Products, Inc. and Meer since mid-1997, can once again resume its primary focus on continuing to grow our U.S. dental market share.

"Our Medical and International businesses continue to grow at extremely impressive rates. The first quarter acquisitions that were completed in these markets, General Injectibles and Vaccines, Inc. and Heiland Holding GmbH, are both performing in line with our expectations. The integration of Heiland with our base German business is also proceeding well. Value-Added Services sales, primarily practice management software, also exhibited excellent growth this quarter. Sales processed through our Aruba E-Commerce suite of systems grew by 170%, compared to the first quarter of last year, and have now reached an annual run rate of approximately \$150 million."

Mr. Bergman concluded, "As 1998 was a year of integration, we expect 1999 to be a year in which we realize significant additional benefits of our successful efforts. This is evident in our first quarter performance, and we are very confident that we will see an acceleration of these benefits in the remainder of 1999 and beyond."

Henry Schein, Inc. is the largest distributor of healthcare products and services to office-based healthcare practitioners, including dental practices and laboratories, physician practices and veterinary clinics. The Company, recognized for its excellent customer service and low prices, serves more than 300,000 customers worldwide.

Headquartered in Melville, New York, the Company employs over 6,000 people in 15 countries. Sales in 1998 were \$1.9 billion. For more information, visit the Henry Schein website at <http://www.henryschein.com>.

Certain information contained herein includes information that is forward looking. The matters referred to in forward looking statements may be affected by the risks and uncertainties involved in the Company's business. These forward looking statements are qualified in their entirety by the cautionary statements contained in the Company's Securities and Exchange Commission filings.

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

	Three Months Ended	
	March 27, 1999	March 28, 1998 (restated)
Net sales	\$536,335	\$450,342
Cost of sales	372,918	313,635
Gross profit	163,417	136,707
Operating expenses:		
Selling, general and administrative	139,769	121,906
Merger and integration costs	2,203	3,864
Operating income	21,445	10,937
Other income (expense):		
Interest income	2,333	1,740

Interest expense	(5,724)	(2,785)
Other - net	(189)	334
Income before taxes on income, minority interest and equity in earnings (losses) of affiliates	17,865	10,226
Taxes on income	7,127	4,293
Minority interest in net income of subsidiaries	597	1
Equity in earnings (losses) of affiliates	(228)	181
Net income	\$9,913	\$6,113
Adjusted net income:		
Net income	\$9,913	\$6,113
Adjustments:		
Merger and integration costs	2,203	3,864
Tax effect on merger and integration costs	(859)	(1,037)
Pro forma tax adjustment - Meer		(76)
Adjusted net income	\$11,257	\$8,864
Adjusted net income per common share:		
Basic	\$0.28	\$0.23
Diluted	\$0.27	\$0.22
Weighted average shares:		
Basic	40,417	38,492
Diluted	41,806	40,580

Restated to reflect the results of H. Meer Dental Supply Co., which was accounted for under the pooling of interests method of accounting.

HENRY SCHEIN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 27, 1999 (unaudited)	December 26, 1998 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,326	\$ 28,222
Accounts receivable, less reserves of \$19,992 and \$20,136, respectively	357,260	338,121
Inventories	294,439	270,008
Deferred income taxes	16,336	14,532
Prepaid expenses and other	54,455	53,646
Total current assets	735,816	704,529
Property and equipment, net of accumulated depreciation of \$57,485 and \$53,756, respectively	71,316	67,646
Goodwill and other intangibles, net of accumulated amortization of \$21,169 and \$18,123, respectively	285,011	148,428
Investments and other	47,872	41,437
	\$ 1,140,015	\$ 962,040

LIABILITIES AND STOCKHOLDERS' EQUITY
Current liabilities:

Accounts payable	\$175,214	\$ 169,860
Bank credit lines	38,704	19,372
Accruals:		
Salaries and related expenses	29,611	29,675
Merger and integration costs	10,065	21,992
Other	64,383	50,404
Current maturities of long-term debt	6,412	9,634
Total current liabilities	324,389	300,937
Long-term debt	323,502	180,445
Other liabilities	12,541	11,720
Total liabilities	660,432	493,102
Minority interest	6,344	5,904
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value, authorized 120,000,000; issued and outstanding 40,538,427 and 40,188,457, respectively	405	402
Additional paid-in capital	353,661	348,119
Retained earnings	127,408	119,064
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated other comprehensive income	(5,741)	(2,057)
Deferred compensation	(1,338)	(1,338)
Total stockholders' equity	473,239	463,034
	\$ 1,140,015	\$ 962,040

SOURCE Henry Schein, Inc.