

## Henry Schein Reports First Quarter Results; Net Income of \$11.4 Million, Operating Cash Flow Improves by \$22.1 Million

May 1, 2000

MELVILLE, N.Y.--(BUSINESS WIRE)--May 1, 2000--Henry Schein, Inc. (Nasdaq: HSIC) today announced financial results for the 2000 first quarter.

For the three months ended March 25, 2000, net sales increased to \$554 million, from \$536 million in the first quarter of last year. Net income was \$11.4 million, or \$0.28 per diluted share, compared with adjusted net income of \$11.3 million, or \$0.27 per diluted share, in the first quarter of 1999. Including merger and integration costs during the first quarter of 1999, net income increased 15%.

Cash flow from operations reached \$8.9 million during the 2000 first quarter, compared with a negative \$13.2 million last year. "This increase in operating cash flow is largely a result of our efforts to improve working capital and asset management," said Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein, Inc. During the first quarter, the Company paid down approximately \$13.7 million in debt.

The Company reported that first quarter 2000 Dental sales rose to \$255 million. Compared with the 1999 first quarter, combined Medical, Veterinary, Technology and International sales, which comprise 54% of total sales, were up approximately 9% excluding foreign currency fluctuations, with all business units growing at above-market rates and Technology posting a 20% gain.

"All business units posted revenue growth during the quarter and, of particular note, we are beginning to see improvement in our Dental group's equipment sales and service business. As a Company, we are continuing to focus on this critical segment of our Dental business," said Mr. Bergman. "We are moving toward our stated goal to reduce annual Dental operating costs by \$4 million to \$6 million, and look forward to additional progress under our Dental rightsizing plan."

The Company also reported continued strong progress with its program to increase sales volume among Dental customers whose ordering patterns had declined, as evidenced by a 13% increase in sales among a targeted 2,100 customers, compared with the 1999 first quarter. "We look forward to expanding this program to additional customers during the year," commented Mr. Bergman.

"We are very pleased with the continued gains made in electronic order volume, as total sales from our ArubA(R) e-commerce suite of products increased by 49% during the quarter, led by an 81% rise in sales placed via our ArubA Web product. We intend to leverage this customer connectivity by offering additional value-added products and services via ArubA throughout the coming year," said Mr. Bergman.

The Company will hold a conference call to discuss these results on Tuesday, May 2, beginning at 10:00 a.m. Eastern Time. Individual investors are invited to listen to the conference call over the Internet through Vcall, a service of the Investor Broadcast Network, at [www.vcall.com](http://www.vcall.com). To listen to the live call, please go to the website at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. In addition, a replay will be available shortly after the call has ended.

Henry Schein, Inc. is the largest distributor of healthcare products and services to office-based healthcare practitioners in the combined North American and European markets. Customers include dental practices and laboratories, physician practices and veterinary clinics, as well as government and other institutions. The Company, recognized for its excellent customer service and low prices, serves more than 400,000 customers worldwide.

Headquartered in Melville, New York, the Company employs over 6,500 people in 15 countries. Sales in 1999 were \$2.3 billion. For more information, visit the Henry Schein website at [www.henryschein.com](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 25, 2000	March 27, 1999
Net sales	\$ 553,810	\$ 536,335
Cost of sales	384,606	372,918
Gross profit	169,204	163,417
Operating expenses:		
Selling, general and administrative	145,727	139,769
Merger and integration costs	0	2,203

Operating income	23,477	21,445
Other income (expense):		
Interest income	1,096	2,333
Interest expense	(5,852)	(5,724)
Other - net	(151)	(189)
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Income before taxes on income, minority interest and equity in earnings (losses) of affiliates	18,570	17,865
Taxes on income	6,778	7,127
Minority interest in net income of subsidiaries	488	597
Equity in earnings (losses) of affiliates	94	(228)
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Net income	\$ 11,398	\$ 9,913
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Adjusted net income:		
Net income	\$ 11,398	\$ 9,913
Adjustments:		
Merger and integration costs	0	2,203
Tax effect on merger and integration costs	0	(859)
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Adjusted net income	\$ 11,398	\$ 11,257
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Adjusted net income per common share:		
Basic	\$ 0.28	\$ 0.28
	=====	=====
Diluted	\$ 0.28	\$ 0.27
	=====	=====
Weighted average shares:		
Basic	40,715	40,417
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Diluted	41,084	41,806
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HENRY SCHEIN, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share data)

	March 25, 2000	Dec. 25, 1999
	----- (unaudited)	----- (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,405	\$ 26,019
Accounts receivable, less reserves of \$21,062 and \$20,391, respectively	358,371	388,063
Inventories	292,697	285,590
Deferred income taxes	17,583	15,520
Prepaid expenses and other	66,657	63,617
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Total current assets	752,713	778,809
Property and equipment, net of accumulated depreciation and amortization of \$64,518 and \$60,702, respectively	87,293	86,627
Goodwill and other intangibles, net of accumulated amortization of \$34,571 and \$31,356, respectively	288,275	295,113
Investments and other	44,058	43,553
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	\$ 1,172,339	\$ 1,204,102

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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 184,099	\$ 198,983
Bank credit lines	40,556	41,527
Accruals:		
Salaries and related expenses	31,006	31,188
Merger and integration costs	7,921	10,093
Other	54,564	64,710
Current maturities of long-term debt	3,139	3,879
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Total current liabilities	321,285	350,380
Long-term debt	306,263	318,218
Other liabilities	11,436	9,782
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Total liabilities	638,984	678,380
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Minority interest	7,070	7,855
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Stockholders' equity:		
Common stock, \$.01 par value, authorized 120,000,000; issued and outstanding 40,805,594 and 40,768,306, respectively	408	407
Additional paid-in capital	362,159	361,757
Retained earnings	179,207	167,809
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated comprehensive income	(13,773)	(10,359)
Deferred compensation	(560)	(591)
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Total stockholders' equity	526,285	517,867
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	\$ 1,172,339	\$ 1,204,102
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