HENRY SCHEIN

SOLUTIONS FOR HEALTH CARE PROFESSIONALS

Henry Schein Reports 18% Growth in Third Quarter Earnings; Net Sales Increase 4%, Dental Equipment Sales Up 5%; Year-To-Date Cash Flow From Operations Improves 95% to $85 Million

October 31, 2000

MELVILLE, N.Y.--(BUSINESS WIRE)--Oct. 31, 2000--Henry Schein, Inc. (Nasdaq: HSIC), the largest provider of healthcare supplies to office-based practitioners in the combined North American and European markets, today announced financial results for the third quarter of 2000.

For the three months ended September 23, 2000, net sales increased more than 4% to $603 million, from $579 million in the third quarter of last year. Excluding one-time costs of $5.4 million ($3.4 million after tax) related to the Company's recently announced restructuring plans, adjusted net income rose 18% to $19.6 million, or $0.47 per diluted share, compared with adjusted net income of $16.6 million, or $0.40 per diluted share, in the third quarter of 1999.

"We are very pleased to report strong earnings growth, which was primarily driven by a sales increase of 6.4% in local currencies, a 60 basis point improvement in gross margin, and significantly lower interest expense due to a reduction in our debt," said Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein.

For the first nine months of 2000, the Company reported net sales increased 3% to $1.7 billion, compared with the first nine months of 1999. Year-to-date adjusted net income increased 8% to $48.0 million, or $1.15 per diluted share, compared with $44.3 million, or $1.07 per diluted share, in the prior year. Year-to-date cash flow from operations increased 95% to $85.1 million, compared with $43.6 million for the same period last year.

"We continue to see positive cash flow from operations, which has enabled us to further strengthen our balance sheet by paying down debt," said Mr. Bergman. "In fact, for the first nine months of 2000, our free cash flow was used to reduce debt by $57 million."

The Company reported third quarter Dental sales of $264.9 million, which is 2.2% above the same period in the prior year. Highlighting this category was the Company's Dental equipment sales and service business, which reported a 5.1% increase in net sales over last year's third quarter. This represents the first quarter of growth in the equipment business following four consecutive quarters of declining or flat results. Dental merchandise sales were up 1.6% for the third quarter of 2000, compared with the third quarter of 1999.

Henry Schein's Medical and Veterinary businesses sustained above-market growth rates in the third quarter of 2000, rising 12% and 9%, respectively, compared to the third quarter of 1999. Medical sales to the Company's core physician office and alternate care markets were particularly strong.

International sales for the third quarter of 2000 were approximately 7% below the third quarter of 1999, while in local currencies sales grew by 6%. Technology and Value-Added Services sales in the third quarter of 2000 were essentially flat compared to the same period in the prior year, when sales were exceptionally strong due to Y2K conversions.

The Company also reported that its recently announced restructuring programs are proceeding as planned. As previously announced, total pre-tax cost savings from both of these initiatives are estimated at $20 million annually ($12 million after taxes), or $0.29 per diluted share. As expected, cost savings from these programs in the third quarter of 2000 were minimal, but will accelerate in the fourth quarter of this year with the full impact of cost savings expected in 2001.

The Company confirmed that it expects to record a one-time restructuring charge of approximately $14 million ($8.4 million after tax) during the second half of 2000, as it announced last quarter. For the third quarter of 2000, the Company reported $5.4 million ($3.4 million after tax) in one-time costs related to the restructuring initiatives. Live Webcast

The Company will hold a conference call to discuss these results today, beginning at 10:00 a.m. Eastern Standard Time. Individual investors are invited to listen to the conference call over the Internet through Henry Schein's Web site at www.henryschein.com. To listen to the live call, please navigate to the Corporate Information area of the site at least 15 minutes prior to the start of the call to download and install any necessary audio software. In addition, a replay will be available for 30 days beginning 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. Recognized for its excellent customer service and low prices, the Company serves more than 400,000 customers worldwide, including dental practices and laboratories, physician practices and veterinary clinics, as well as government and other institutions.

The Company operates its five business groups - Dental, Medical, Veterinary, International and Technology - through a centralized and automated distribution network, which provides customers in more than 125 countries with a comprehensive selection of over 70,000 national and Henry Schein private-brand products. Henry Schein also offers a wide range of innovative value-added practice solutions, such as its leading dental practice management software systems - DENTRIX(R) and Easy Dental(R), which are installed in over 35,000 practices; and ArubA(R), Henry Schein's electronic catalog and ordering system. Headquartered in Melville, New York, Henry Schein employs over 6,000 people in 15 countries. The Company's 1999 sales reached a record $2.3 billion. For more information, visit the Henry Schein Web site at www.henryschein.com.


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

	Three Months Ended		Nine Months Ended	
	Sept. 23, 2000	Sept. 25, 1999	Sept. 23, 2000	Sept. 25, 1999
Net sales	$ 603,037	$ 578,794	$ 1,725,021	$ 1,674,439
Cost of sales	417,927	404,830	1,187,976	1,163,008
Gross profit	185,110	173,964	537,045	511,431
Operating expenses:				
Selling, general and administrative	150,779	141,452	447,670	423,222
Merger and integration costs	0	5,993	585	13,467
Restructuring costs	5,387	0	5,387	0
Operating income	28,944	26,519	83,403	74,742
Other income (expense):				
Interest income	2,322	1,386	4,342	5,207
Interest expense	(4,841)	(5,526)	(15,540)	(16,566)
Other - net	108	207	(538)	315
Income before taxes on income, minority interest and equity in losses of affiliates	26,533	22,586	71,667	63,698
Taxes on income	9,623	10,114	26,175	26,199
Minority interest in net income of subsidiaries	338	353	1,375	1,272
Equity in losses of affiliates	(334)	(596)	(100)	(1,454)
Net income	$ 16,238	$ 11,523	$ 44,017	$ 34,773
Adjusted net income:				
Net income	$ 16,238	$ 11,523	$ 44,017	$ 34,773
Adjustments:				
Merger and integration costs	0	5,993	585	13,467
Tax effect on merger and integration costs	0	(961)	0	(3,983)
Restructuring costs	5,387	0	5,387	0
Tax effect on restructuring costs	(2,030)	0	(2,030)	0
Adjusted net income	$ 19,595	$ 16,555	$ 47,959	$ 44,257

Adjusted net

income per common share:				
Basic	$ 0.48	$ 0.41	$ 1.17	$ 1.09
Diluted	$ 0.47	$ 0.40	$ 1.15	$ 1.07
Weighted average shares:				
Basic	41,251	40,608	41,062	40,546
Diluted	41,860	41,104	41,568	41,437

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

	September 23, 2000 (unaudited)	Dec. 25, 1999 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,242	$ 26,019
Accounts receivable, less reserves of $24,174 and $20,391, respectively	386,672	388,063
Inventories	260,194	285,590
Deferred income taxes	19,982	15,520
Prepaid expenses and other	62,143	63,617
Total current assets	766,233	778,809
Property and equipment, net of accumulated depreciation and amortization of $70,084 and $60,702, respectively	89,111	86,627
Goodwill and other intangibles, net of accumulated amortization of $40,936 and $31,356, respectively	280,293	295,113
Investments and other	48,669	43,553
	$ 1,184,306	$ 1,204,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 198,679	$ 198,983
Bank credit lines	29,359	41,527
Accruals:		
Salaries and related expenses	33,665	31,188
Merger, integration and restructuring costs	8,805	10,093
Other	66,655	64,710
Current maturities of long-term debt	4,246	3,879
Total current liabilities	341,409	350,380
Long-term debt	272,176	318,218
Other liabilities	11,207	9,782
Total liabilities	624,792	678,380
Minority interest	7,297	7,855
Stockholders' equity:		
Common stock, $.01 par value, authorized 120,000,000; issued and outstanding 41,447,857	414	407

and 40,768,306, respectively		
Additional paid-in capital	365,132	361,757
Retained earnings	212,297	167,809
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated comprehensive income	(23,973)	(10,359)
Deferred compensation	(497)	(591)
Total stockholders' equity	552,217	517,867
	$ 1,184,306	$ 1,204,102

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