

Henry Schein Reports 21% Increase in Q3 Diluted EPS from Continuing Operations on a Comparable Basis; Net Sales Increase 18% to \$892.7 Million

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MELVILLE, N.Y.--(BUSINESS WIRE)--Nov. 4, 2003--

Company raises 2003 EPS guidance, introduces 2004 EPS guidance

Henry Schein, Inc. (Nasdaq NM: HSIC), the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, today reported record third quarter financial results.

Net sales for the third quarter ended September 27, 2003 were \$892.7 million, an increase of 17.6% from the third quarter of 2002. In local currencies, net sales increased 15.3% including 12.1% internal growth, and 3.2% from acquisitions net of divestitures.

Dental sales increased 12.9%, or 12.1% in local currencies (including 7.3% internal growth). In local currencies, Dental consumable merchandise sales increased 12.2% (6.2% internal growth) and Dental equipment sales were up 11.7%, all internally generated.

Medical sales increased 17.5%, all internally generated, Technology and Value-Added Services sales grew 5.7% (4.7% internal growth), and International sales improved 33.9% or 19.3% in local currencies (including 9.7% internal growth). The Company noted that there was no material timing variance related to sales of influenza vaccine compared with 2002, and that flu vaccine sales were up 5.8% for the quarter. The Company also reported that it has successfully completed shipment of all committed quantities of injectable flu vaccine product for the current season, and has limited quantities available to satisfy future customer demand.

Net income for the third quarter of 2003 was \$44.3 million or \$0.99 per diluted share, reflecting a \$0.04 per share loss on the divestiture of a non-strategic business. Net income from continuing operations for the third quarter of 2003 was \$46.4 million, representing an increase of 18.2% (20.9% on a comparable basis) compared with the third quarter of 2002. Earnings per diluted share from continuing operations of \$1.03 represented growth of 18.4% (21.2% on a comparable basis). (See Exhibit B for details of comparable basis analysis.)

"We posted excellent growth in net sales during the third quarter, with market share gains in our Dental, Medical and International Business Groups," said Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein. "Record sales to our diversified global customer base and an expanding operating margin resulted in another quarter of outstanding bottom-line performance."

For the year-to-date 2003, net sales were \$2.41 billion, an increase of 15.8% from the first nine months of 2002. Year-to-date 2003 net sales increased 12.8% in local currencies, including 11.2% internal growth. Net income from continuing operations for the year-to-date 2003 was \$104.0 million, or \$2.32 per diluted share, representing increases of 19.5% and 19.6%, respectively, over the prior year.

The Company reported that, under a stock repurchase program of up to two million shares of common stock announced on March 12, 2003, during the third quarter 212,000 shares were repurchased at an average price of \$57.25 per share. The impact of this share repurchase on third quarter diluted EPS was not significant. Through the third quarter, the Company has repurchased 1,283,500 shares under this initiative.

2003 and 2004 EPS Guidance

The Company now expects full-year 2003 earnings per diluted share from continuing operations to be \$3.08 to \$3.10, resulting in Q4 EPS of \$0.76 to \$0.78. This reflects year-to-date financial results and the repurchase of stock completed through the end of the third quarter and represents growth of 18% to 19% over 2002 results on a comparable basis. This growth rate excludes the following non-recurring items: a \$0.01 real estate gain during the first quarter of 2003, a \$0.04 loss from discontinued operations during the third quarter of 2003, a \$0.02 real estate gain during the third quarter of 2002, and a \$0.02 restructure expense reversal during the fourth quarter of 2002.

Henry Schein also introduced guidance for full-year 2004 earnings per diluted share of \$3.52 to \$3.58. This represents growth of 14% to 16% compared with the mid-point of the Company's estimated 2003 results. The Company noted that this 2004 EPS guidance is for current operations and does not include the impact of potential future acquisitions.

Third Quarter Conference Call Webcast

The Company will hold a conference call to discuss third quarter financial results today, beginning at 10 a.m. Eastern Time. Individual investors are invited to listen to the conference call over the Internet through Henry Schein's Website at www.henryschein.com. In addition, a replay will be available 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 four business groups - Dental, Medical, International and Technology - through a centralized and automated distribution network, which provides customers in more than 125 countries with a comprehensive selection of over 90,000 national and Henry Schein private-brand products. Henry Schein also offers a wide range of innovative value-added practice solutions, including such leading practice management software systems as DENTRIX(R) and Easy Dental(R) for dental practices, and AVImark(R) for veterinary clinics, which are installed in over 50,000 practices; and ArubA(R), Henry Schein's electronic catalog and ordering system. Headquartered in Melville, New York, Henry Schein employs over 7,400 people in 16 countries. The Company's 2002 sales reached a record \$2.8 billion. For more information, visit the Henry Schein Website at 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.

(TABLES TO FOLLOW)

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

	Three Months Ended	
	September 27, 2003	September 28, 2002
Net sales	\$892,718	\$759,073
Cost of sales	641,218	542,601
Gross profit	251,500	216,472
Operating expenses:		
Selling, general and administrative	175,100	152,187
Operating income	76,400	64,285
Other income (expense):		
Interest income	2,197	2,536
Interest expense	(4,812)	(4,787)
Other, net	328	877
Income before taxes, minority interest, equity in earnings of affiliates and loss on sale of discontinued operation	74,113	62,911
Taxes on income from continuing operations	(27,569)	(23,468)
Minority interest in net income of subsidiaries	(363)	(337)
Equity in earnings of affiliates	178	122
Net income from continuing operations	46,359	39,228
Loss on sale of discontinued operation, net of tax	(2,012)	-
Net income	\$ 44,347	\$ 39,228
Net income from continuing operations per common share:		
Basic	\$ 1.06	\$ 0.90
Diluted	\$ 1.03	\$ 0.87
Loss on sale of discontinued operation, net of tax per common share:		
Basic	\$ (0.05)	\$ -
Diluted	\$ (0.04)	\$ -
Net income per common share:		
Basic	\$ 1.02	\$ 0.90

Diluted	\$ 0.99	\$ 0.87
	=====	=====
Weighted average common shares outstanding:		
Basic	43,609	43,808
	=====	=====
Diluted	44,885	45,000
	=====	=====

	Nine Months Ended	

	September 27, 2003	September 28, 2002

Net sales	\$2,406,881	\$2,077,598
Cost of sales	1,733,435	1,490,340

Gross profit	673,446	587,258
Operating expenses:		
Selling, general and administrative	498,811	440,786

Operating income	174,635	146,472
Other income (expense):		
Interest income	6,510	7,456
Interest expense	(14,140)	(13,982)
Other, net	1,255	1,017

Income before taxes, minority interest, equity in earnings of affiliates and loss on sale of discontinued operation	168,260	140,963
Taxes on income from continuing operations	(62,982)	(52,528)
Minority interest in net income of subsidiaries	(1,974)	(1,838)
Equity in earnings of affiliates	676	427

Net income from continuing operations	103,980	87,024
Loss on sale of discontinued operation, net of tax	(2,012)	-

Net income	\$ 101,968	\$ 87,024
	=====	=====
Net income from continuing operations per common share:		
Basic	\$ 2.38	\$ 2.01
	=====	=====
Diluted	\$ 2.32	\$ 1.94
	=====	=====
Loss on sale of discontinued operation, net of tax per common share:		
Basic	\$ (0.05)	\$ -
	=====	=====
Diluted	\$ (0.04)	\$ -
	=====	=====
Net income per common share:		
Basic	\$ 2.33	\$ 2.01
	=====	=====
Diluted	\$ 2.27	\$ 1.94

	=====	=====
Weighted average common shares		
outstanding:		
Basic	43,706	43,329
	=====	=====
Diluted	44,896	44,779
	=====	=====