
Q1 2024 Earnings Conference Call

Financial Results & Outlook



May 7, 2024

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 and Adjusted EBITDA 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, including our Annual Report on Form 10-K, 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.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: 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, as well as significant demands on our operations, information systems, legal, regulatory, compliance, financial and human resources functions in connection with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; adverse changes in supplier rebates or other purchasing incentives; risks related to the sale of corporate brand products; security risks associated with our information systems and technology products and services, such as cyberattacks or other privacy or data security breaches (including the October 2023 incident); effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; 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 and domestic macro-economic and political conditions, including inflation, deflation, recession, ongoing wars, fluctuations in energy pricing and the value of the U.S. dollar as compared to foreign currencies, and changes to other economic indicators, international trade agreements, potential trade barriers and terrorism; geopolitical wars; 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 collection, storage and processing of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation; risks related to product liability, intellectual property and other claims; risks associated with customs policies or legislative import restrictions; risks associated with disease outbreaks, epidemics, pandemics (such as the COVID-19 pandemic), or similar wide-spread public health concerns and other natural or man-made disasters; risks associated with our global operations; litigation risks; new or unanticipated litigation developments and the status of litigation matters; our dependence on our senior management, employee hiring and retention, and our relationships with customers, suppliers and manufacturers; 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 except as required by law.

Included within this presentation 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 within this presentation, 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. The impact of certain items that are excluded include integration and restructuring costs, and amortization of acquisition-related assets, because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate and occur on an unpredictable basis. 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.

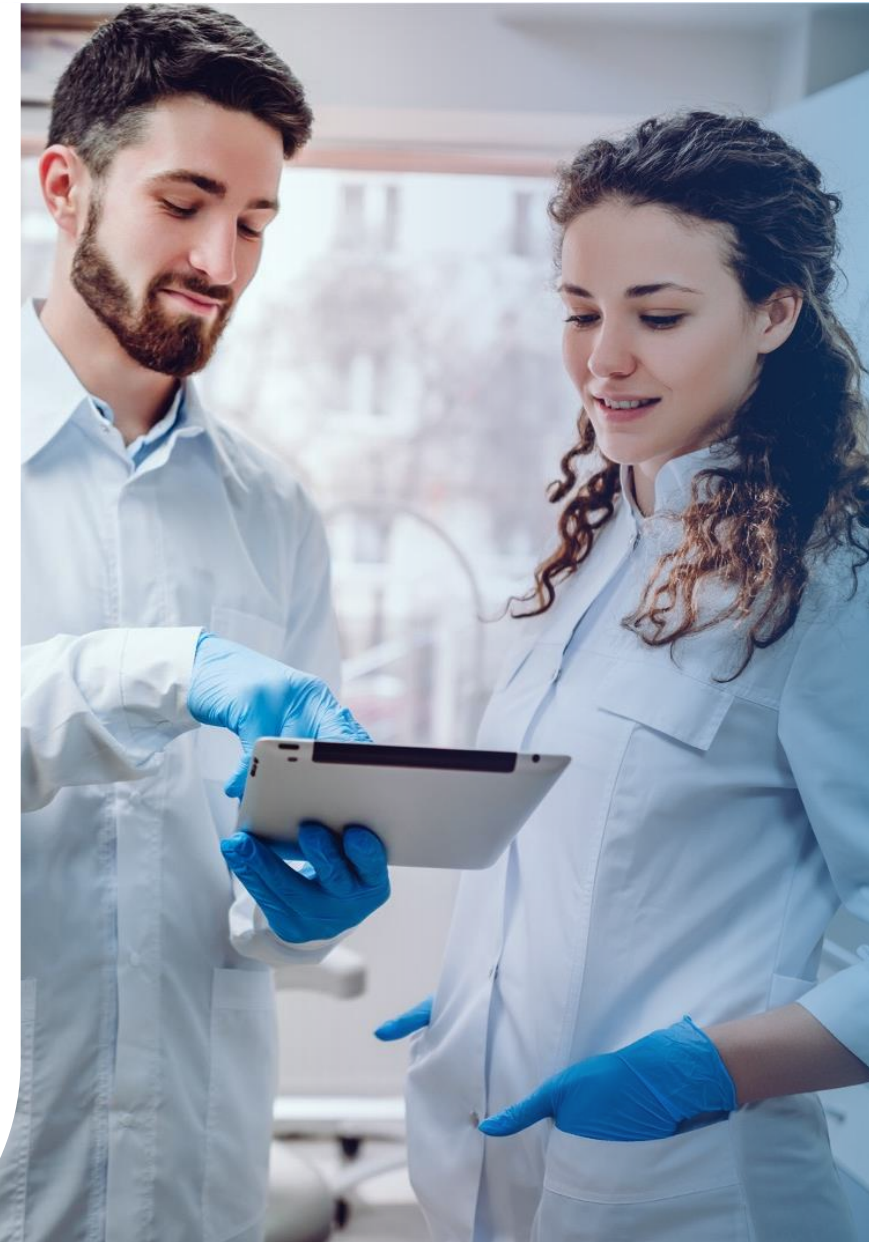
Key Takeaways

Our first quarter financial results reflect solid earnings driven by gross margin expansion and a strong recovery from last quarter's cyber incident

We continue to make good progress on executing our BOLD+1 Strategic Plan and are pleased with the contribution of our recent acquisitions

We are affirming our expectations for 2024 non-GAAP diluted EPS and 2024 Adjusted EBITDA growth and tightening our expectations for 2024 total sales growth. Our projected sales growth reflects continued recovery from last year's cyber incident and a strong pipeline of new specialty products and software innovation

The year is off to a solid start, and we remain enthusiastic about the markets we serve, our position within our industry, and the opportunities for growth and enhanced profitability that lie ahead



Q1 Financial Highlights

Worldwide Sales Growth

+3.7%

Residual impact of the cyber incident reduced sales growth by approximately 300 to 400 basis points with lower PPE Sales reducing sales growth by 60 basis points

Non-GAAP Diluted EPS*

\$1.10

The residual impact of the cyber incident on our first quarter 2024 results was consistent with the expectations we set out in the guidance we provided on our earnings call in February

Global Dental Sales Growth

+0.8%

Merchandise sales impacted by lower purchases by episodic customers and by lower PPE sales

Dental Specialties Sales Growth

+21.6%

Driven by acquisitions, with low-single digit organic growth in implants and endodontics

Global Technology/VAS Sales Growth

+13.8%

Driven by Value-Added Services and our Dentally cloud-based solution

Global Medical Sales Growth

+7.3%

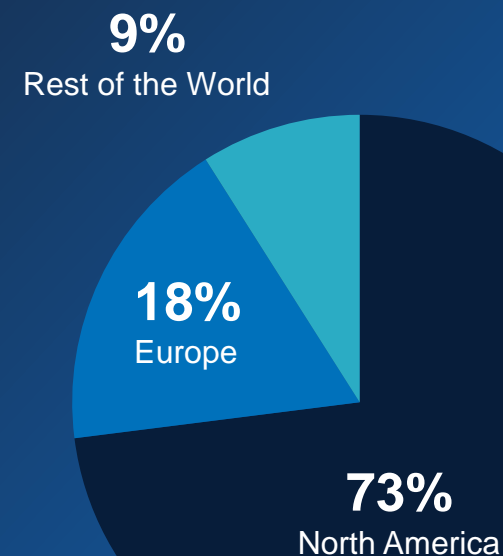
Driven by acquisitions and strong sales of point-of-care diagnostics, offset by lower PPE sales and lower pharmaceutical sales due to conversion to lower priced generics

*Refer to slide 19 for our GAAP & Non-GAAP Reconciliation.

Q1 2024 Consolidated Results*

<i>(in millions of USD except EPS)</i>	Q1 2024 (GAAP)	Q1 2023 (GAAP)	Q1 2024 (Non-GAAP)	Q1 2023 (Non-GAAP)
Total Sales	\$3,172	\$3,060	\$3,172	\$3,060
Operating Income	\$150	\$175	\$226	\$235
Operating Margin	4.72%	5.73%	7.11%	7.68%
Diluted EPS	\$0.72	\$0.91	\$1.10	\$1.21

BY GEOGRAPHY



Q1 2024 Worldwide Sales Summary

<i>(in millions of USD)</i>	Q1 2024	Q1 2023	y/y Δ	y/y LCI* Δ
Global Dental	\$1,914	\$1,898	0.8%	-2.9%
Global Medical	1,041	971	7.3%	-0.7%
Global Technology/VAS	217	191	13.8%	3.2%
Total Sales	\$3,172	\$3,060	3.7%	-1.8%



*LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Progress on BOLD+1 Strategic Priorities

Objective	Update
BUILD complementary software, specialty, and services businesses for high growth	<ul style="list-style-type: none">• Closed TriMed acquisition to enter the high growth high margin foot and ankle, hand and wrist segments of the orthopedic market• With Biotech Dental and S.I.N. Implant System acquisitions, became the #3 Dental Implant/Biomaterials business• #2 in Endodontics, supported by new product launches• Expanded our Orthodontic business with Biotech Dental's 'Smilers' clear aligner product• Integrated AI solutions into Dentrax Ascend, including Detect AI powered and manufactured by VideaHealth, our proprietary embedded artificial intelligence product to assist dentists in their diagnosis of dental disease, and Dentrax Ascend Voice, powered by Bola AI, further strengthening our position as the #1 global dental software solution company• Launched Dentrax Eligibility Pro that integrates claims eligibility data into practice management software, and Reserve With Google that enables consumers to make patient appointments directly from their Google business listing
OPERATIONALIZE One Distribution to deliver exceptional customer experience, increased efficiency and sales growth	<ul style="list-style-type: none">• Acquired Shield Healthcare resulting in a \$300M Home Health platform• Ace and EdgeEndo product portfolios now marketed through the Henry Schein North America Distribution team
LEVERAGE One Schein to broaden and deepen relationships with our customers and expand customer spend through our product portfolio	<ul style="list-style-type: none">• Increasing specialty product and software sales in our larger customers• Providing solutions through the Large Practice Sales acquisition
DRIVE digital transformation for our customers and for Henry Schein	<ul style="list-style-type: none">• Preparing for launch of GEP and beginning to offer proprietary clinical software to simplify our customers' workflow• Acquired leading Nemotech clinical workflow software offering

+1 Creating Value For Our Stakeholders

Value Creation Through Focused M&A

Acquisition	Annual Revenue	Strategic Rationale	Expected Outcome	Expands complementary high-growth software, specialty and services businesses	Invests for growth in core distribution business
 BIOTECH DENTAL	\$106M	<ul style="list-style-type: none"> Expands dental implant, clear aligner business Acquired leading clinical workflow software offering 	<ul style="list-style-type: none"> Market leader in France Integrate digital workflow into PMS and extend to implant portfolio 		
 unitas PPO Solutions	~\$5M	<ul style="list-style-type: none"> Expand range of value-added services to include PPO advisory services 	<ul style="list-style-type: none"> Provide key value-added services to customers 		
 REGIONAL HEALTH CARE GROUP <small>A HENRY SCHEIN COMPANY</small>	\$44M	<ul style="list-style-type: none"> Expanded Medical business to Australia & New Zealand 	<ul style="list-style-type: none"> A market leader in fast-growing Australia & New Zealand markets 		
 S. I. N. Implant System	\$65M	<ul style="list-style-type: none"> Expands dental implant to Brazil Ability to export value implants 	<ul style="list-style-type: none"> A market leader in Brazil Introduce FDA-approved value implant to the US 		
 LPS Large Practice Sales <small>Monetizing Larger Dental Practices</small>	\$40M	<ul style="list-style-type: none"> Develop leading large practice transitions brokerage business 	<ul style="list-style-type: none"> Provide strategic value-added service to DSO accounts 		
 Shield HealthCare	\$180M	<ul style="list-style-type: none"> Expands business that deliver products directly to patients in their home and home health agencies 	<ul style="list-style-type: none"> Establish scale, with a focus on enteral, ostomy, incontinence, wound care and diabetes products 		

Balanced Capital Allocation Strategy

Disciplined Approach to Balance Sheet Management

\$197M YTD Operating Cashflow

2.3x Debt-to-EBITDA ratio as of March 30, 2024
Maintain investment grade balance sheet

\$1.2B Available borrowing capacity as of March 30, 2024

Strong balance sheet provides flexibility to pursue attractive opportunities

Acquisitions

\$20M
Invested YTD

Return of Capital to Shareholders

\$75M
Repurchased YTD

Capital Expenditures

\$41M
Invested YTD

Financial Guidance – FY2024

We are affirming our guidance for non-GAAP diluted EPS and Adjusted EBITDA growth. In addition, we are updating our guidance for total sales growth. Our projected sales growth reflects continued recovery by our distribution businesses from the cyber incident and a strong pipeline of new specialty products and software innovation, contributing to higher sales growth in the second half of the year.

Our 2024 guidance does not include any associated benefit from potential insurance claim proceeds related to last year’s cyber incident.

This guidance also includes sales from the acquisitions we have completed to date.

As of May 7, 2024*	Prior Guidance for Full Year 2024	Revised Guidance for Full Year 2024
Total Sales growth over 2023 Actuals	+8% to +12%	+8% to +10%
Adjusted EBITDA growth over 2023 Actuals	> 15%	> 15%
2024 Non-GAAP diluted EPS**	\$5.00 to \$5.16	\$5.00 to \$5.16

The Company is providing guidance for 2024 diluted EPS on a non-GAAP basis and for Adjusted EBITDA, as noted above. The Company is not providing a reconciliation of its 2024 non-GAAP guidance to its projected 2024 diluted EPS prepared on a GAAP basis, or its projected 2024 Adjusted EBITDA to net income prepared on a GAAP basis. This is because the Company is unable to provide without unreasonable effort an estimate of integration and restructuring costs related to an ongoing initiative to drive operating efficiencies, including the corresponding tax effect, that will be included in the Company’s 2024 diluted EPS and net income prepared on a GAAP basis. The inability to provide this reconciliation is due to the uncertainty and inherent difficulty of predicting the occurrence, magnitude, financial impact and 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.

*FY2024 Guidance is as of May 7, 2024 and should not be considered an update of guidance beyond that date. Guidance is for current continuing operations as well as acquisitions that have closed and does not include the impact of future share repurchases, potential future acquisitions, restructuring and integration expenses, amortization expense of acquired intangible assets, contingent consideration revaluation adjustments, certain expenses directly associated with the cybersecurity incident or any potential insurance claim recovery. Guidance also assumes that foreign currency exchange rates remain generally consistent with current levels and that end markets remain consistent with current market conditions.

**Refer to slide 20 for GAAP & Non-GAAP Reconciliation.

Appendix



Q1 2024 Worldwide Financial Results*

<i>(in millions of USD except EPS)</i>	Q1 2024 (Non-GAAP)	Q1 2023 (Non-GAAP)	y/y Δ
Total sales	\$3,172	\$3,060	3.7%
Gross profit	1,012	966	4.7%
Gross margin	31.89%	31.57%	+32 bps
Operating expenses (Non-GAAP)**	786	731	7.6%
Operating income (Non-GAAP)**	\$226	\$235	-4.0%
Operating margin (Non-GAAP)**	7.11%	7.68%	-57 bps
Net income attributable to Henry Schein, Inc. (Non-GAAP)**	\$143	\$161	-11.3%
Earnings per share (Non-GAAP)**	\$1.10	\$1.21	-9.1%
Effective tax rate (Non-GAAP)**	25.4%	24.1%	

*Refer to slide 19 for our GAAP & non-GAAP Reconciliations.

**GAAP Results as follows:

Q1 2024: Operating expenses \$862, Operating income \$150, Operating margin 4.72%, Net income \$93, Earnings per share \$0.72, Effective tax rate 25.6%

Q1 2023: Operating expenses \$791, Operating income \$175, Operating margin 5.73%, Net income \$121, Earnings per share \$0.91, Effective tax rate 23.8%

Adjusted EBITDA

(in millions of USD)

	Q1 2024	Q1 2023
Net Income attributable to Henry Schein, Inc. (GAAP)	\$93	\$121
Income attributable to noncontrolling interests	5	7
Net Income (GAAP)	98	128
Interest income	(5)	(3)
Interest expense	30	14
Income taxes	32	39
Depreciation and amortization	73	52
Restructuring costs	10	30
Cyber incident-third-party advisory expenses	5	0
Change in contingent consideration	15	0
Equity in earnings of affiliates, net of tax	(3)	(4)
Adjusted EBITDA (non-GAAP)	\$255	\$256

Adjusted EBITDA defined as net income, excluding (i) income attributable to noncontrolling interests, (ii) interest income and expense, (iii) income taxes, (iv) depreciation and amortization, (v) restructuring and integration costs, (vi) cyber incident-professional and other fees, (vii) change in contingent consideration, and (viii) equity in earnings of affiliates. Amounts may not sum due to rounding.

Q1 2024 Global Dental Sales Summary

<i>(in millions of USD)</i>	Q1 2024	Q1 2023	y/y Δ	y/y LCI* Δ
North America Dental Consumables	\$848	\$896	-5.4%	-5.5%
North America Dental Equipment	255	248	3.0%	2.9%
North America Dental	\$1,103	\$1,144	-3.6%	-3.7%
International Dental Consumables	\$651	\$591	10.2%	-1.0%
International Dental Equipment	160	163	-2.5%	-3.8%
International Dental	\$811	\$754	7.4%	-1.6%
Global Dental Consumables	\$1,499	\$1,487	0.8%	-3.7%
Global Dental Equipment	415	411	0.8%	0.2%
Global Dental	\$1,914	\$1,898	0.8%	-2.9%

Q1 2024 Global Medical Sales Summary

(in millions of USD)

	Q1 2024	Q1 2023	y/y Δ	y/y LCI* Δ
North America Medical	\$1,014	\$951	6.6%	-0.5%
International Medical	27	20	40.4%	-10.4%
Global Medical	\$1,041	\$971	7.3%	-0.7%

Q1 2024 Technology/VAS Sales Summary

<i>(in millions of USD)</i>	Q1 2024	Q1 2023	y/y Δ	y/y LCI* Δ
North America Technology/VAS	\$189	\$166	13.9%	2.3%
International Technology/VAS	28	25	12.7%	8.9%
Global Technology/VAS	\$217	\$191	13.8%	3.2%

Q1 2024 Technology/VAS + Dental Specialty Sales Summary

<i>(in millions of USD)</i>	Q1 2024	Q1 2023	y/y Δ
Global Technology/VAS	\$217	\$191	13.8%
Global Dental Specialties*	284	233	21.6%
Global Technology/VAS + Dental Specialties	\$501	\$424	18.1%
% of Total Sales	15.8%	13.9%	

*Dental Specialties consists of our Implants & Biomaterials, Orthodontics and Endodontics businesses and is included within our Health Care Distribution Segment.

Q1 2024 GAAP to Non-GAAP Income Statements

<i>(in millions of USD except EPS)</i>	Q1 2024 GAAP	Restructuring Costs	Acquisition Intangible Amortization	Cyber Incident Costs	Change in Contingent Consideration	Q1 2024 Non-GAAP
Total sales	\$3,172					\$3,172
Gross profit	1,012					1,012
Selling, general and administrative	791			(5)	(15)	771
Depreciation & amortization	61		(46)			15
Restructuring costs	10	(10)				0
Operating income	\$150	\$10	\$46	\$5	\$15	\$226
Net interest expense	(23)					(23)
Income before taxes	127	10	46	5	15	203
Income taxes	(32)	(3)	(11)	(1)	(4)	(51)
Equity in earnings of affiliates, net of tax	3					3
Net income	98	7	34	4	11	155
Less: Net income attributable to non-controlling interests	(5)	0	(7)		(0)	(12)
Net income attributable to Henry Schein, Inc.	93	7	28	4	11	143
Earnings per share (Diluted)	\$0.72	\$0.06	\$0.21	\$0.03	\$0.09	\$1.10

¹⁸ Amounts may not sum due to rounding.

GAAP & Non-GAAP Reconciliations

Q1 2024 Financial Highlights

Henry Schein, Inc.
 First Quarter 2024 Analyst Presentation
 Q1 2024 - Financial Highlights
 (in millions, except per share data)

	Reconciling Items															Non-GAAP		
	GAAP			Restructuring Costs		Acquisition Intangible Amortization		Cyber Incident-Third-Party Advisory Expenses		Change in Contingent Consideration		Q1 2023	Q1 2024	Growth				
	Q1 2023	Q1 2024	Growth	2023	2024	2023	2024	2023	2024	2023	2024	2023	Q1 2024	Growth				
Net Sales	\$ 3,060	\$ 3,172	3.7%									\$ 3,060	\$ 3,172	3.7%				
Operating Income	175	150	-14.6%	\$ 30	\$ 10	\$ 30	\$ 46	\$ -	\$ 5	\$ -	\$ 15	235	225	-4.0%				
Operating Margin	5.73%	4.72%	(101) bps									7.68%	7.11%	(57) bps				
Net Income	121	93	-23.2%	\$ 21	\$ 7	\$ 19	\$ 28	\$ -	\$ 4	\$ -	\$ 11	161	143	-11.3%				
Diluted EPS	\$ 0.91	\$ 0.72	-20.9%	\$ 0.16	\$ 0.06	\$ 0.14	\$ 0.21	\$ -	\$ 0.03	\$ -	\$ 0.09	\$ 1.21	\$ 1.10	-9.1%				

Notes: Amounts may not sum due to rounding.

This presentation includes both GAAP and non-GAAP financial results. We believe the non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable the comparison of financial results between periods where certain items may vary independently 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 GAAP measures.

GAAP & Non-GAAP Reconciliations

2023 Financial Highlights

Henry Schein, Inc.
 First Quarter 2024 Analyst Presentation
 Full Year 2023 Financial Highlights
 (in millions, except per share data)

	Reconciling Items																	
	GAAP			Restructuring and Integration Costs		Acquisition Intangible Amortization		Cyber Incident-Third-Party Advisory Expenses		Impairment of Capitalized Assets		Impairment of Intangible Assets		Total Reconciling Items		Non-GAAP		
	2022	2023	Growth	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	Growth
Net Sales	\$ 12,647	\$ 12,339	-2.4%											\$ -	\$ -	\$ 12,647	\$ 12,339	-2.4%
Operating Income	\$ 747	\$ 615	-17.7%	\$ 131	\$ 80	\$ 126	\$ 151	\$ -	\$ 11	\$ -	\$ 27	\$ 34	\$ 7	\$ 290	\$ 275	\$ 1,038	\$ 890	-14.2%
Operating Margin	5.91%	4.98%	(93) bps													8.20%	7.21%	(99) bps
Net Income	\$ 538	\$ 416	-22.7%	\$ 103	\$ 53	\$ 78	92	\$ -	\$ 8	\$ -	\$ 19	\$ 23	\$ 5	\$ 203	\$ 178	\$ 741	\$ 593	-20.0%
Diluted EPS	\$ 3.91	\$ 3.16	-19.2%	\$ 0.74	\$ 0.40	\$ 0.57	0.70	\$ -	\$ 0.06	\$ -	\$ 0.15	\$ 0.16	\$ 0.04	\$ 1.47	\$ 1.35	\$ 5.38	\$ 4.50	-16.4%

Notes: Amounts may not sum due to rounding.

Prior periods have been restated to conform to the current period presentation.

This presentation includes both GAAP and non-GAAP financial results. We believe the non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable the comparison of financial results between periods where certain items may vary independently 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 GAAP measures.