
Q2 FY2022 Earnings Conference Call

Financial Results & Outlook



August 2, 2022

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 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. Forward looking statements include the overall impact of the Novel Coronavirus Disease 2019 (COVID-19) on us, our results of operations, liquidity and financial condition (including any estimates of the impact on these items), the rate and consistency with which dental and other practices resume or maintain normal operations in the United States and internationally, expectations regarding personal protective equipment (“PPE”) and COVID-19 related product sales and inventory levels, whether additional resurgences or variants of the virus will adversely impact the resumption of normal operations, whether vaccine mandates will adversely impact us (by disrupting our workforce and/or business), whether supply chain disruptions will adversely impact our business, the impact of restructuring programs as well as of any future acquisitions, and more generally current expectations regarding performance in current and future periods. Forward looking statements also include (i) our ability to have continued access to a variety of COVID-19 test types, expectations regarding COVID-19 test sales, demand and inventory levels, as well as the efficacy or relative efficacy of the test results given that the test efficacy has not been, or will not have been, independently verified under normal FDA procedures and (ii) potential for us to distribute the COVID-19 vaccines and ancillary supplies.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: risks associated with COVID-19 and any variants thereof, as well as other disease outbreaks, epidemics, pandemics, or similar wide-spread public health concerns and other natural disasters; 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; financial and tax risks associated with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; the repeal or judicial prohibition on implementation of the Affordable Care Act; 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 macroeconomic and political conditions, including inflation, deflation, fluctuations in 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; 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; litigation risks; new or unanticipated litigation developments and the status of litigation matters; risks associated with customs policies or legislative import restrictions; cyberattacks or other privacy or data security breaches; risks associated with our global operations; 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 the 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 attached to the press release, 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. 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.

This presentation is supplemental to the Company’s press release addressing second quarter earnings, the disclosures made in the course of its second quarter earnings conference, and its quarterly report on Form 10-Q, all dated or occurring on August 2, 2022, all of which may include details not included herein, and this presentation should be read in conjunction with those filings and events.

Agenda

01 Q2 Overview

02 Q2 Financial Results

03 FY2022 Guidance



Largest Provider of Health Care Products and Related Services to Office-based Dental and Medical Practitioners

\$12.4B

FY2021 Global
Net Sales

1M+

Customers

22,000+

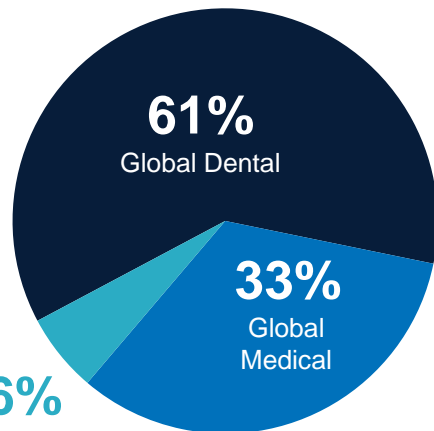
Team Schein Members

Operations or Affiliates in

32

Countries and Territories

Q2 FY2022 Sales



6%
Technology &
Value-Added
Services

Years in Business

90

Fortune 500

19

YEARS

Component of
S&P 500 Index

6

YEARS



21 YEARS



11 YEARS



100% **7** YEARS

Our BOLD+1 Strategic Priorities



BUILD complementary software, specialty, and services businesses for high growth



LEVERAGE One Schein to broaden and deepen relationships with our customers



OPERATIONALIZE One Distribution to deliver exceptional customer experience, increased efficiency and sales growth



DRIVE digital transformation for our customers and for Henry Schein

Our BOLD priorities will be executed in the context of “+1”, aligning all our key stakeholders, including our customers, suppliers, shareholders, our Team Schein members and society.



Our Q2 Results Reflect:

- Executing on our BOLD+1 Strategic Plan: to better leverage functions, talent, processes, and systems to maximize efficiency and performance and enhance our customer experience
- Businesses exhibiting consistent and sustainable growth
- Strength of the company's management, ability to execute well and focus on the strategy



Second Quarter Financial Results

- Total Sales growth of 2.1% with LCI* Sales growth of 2.4%
 - *Total Sales growth impacted by PPE & COVID-19 related products and foreign exchange*
 - *Worldwide LCI Sales growth of 6.7% when excluding PPE & COVID-19 related products*
- GAAP diluted EPS of \$1.16
- Affirming full-year 2022 GAAP diluted EPS guidance range of \$4.75 to \$4.91**

*LCI reflects growth in local currencies on an internal basis (excluding acquisitions from the prior twelve months).

**FY2022 Guidance is as of August 2, 2022 and should not be considered an update of guidance beyond that date. Our guidance for 2022 diluted EPS is for completed or previously announced acquisitions and does not include the impact of potential future acquisitions or restructuring expenses. Guidance also assumes that foreign currency exchange rates will remain generally consistent with current levels, that end markets will remain stable and are consistent with current market conditions, and that there are no material adverse market changes associated with COVID-19.



Q2 FY2022 Worldwide Summary*

<i>\$ Millions except EPS</i>	Q2 FY2022 (GAAP)	Q2 FY2021 (GAAP)	Q2 FY2021 (Non-GAAP)
Total Sales	\$3,030	\$2,967	\$2,967
Operating Income	\$220	\$210	\$214
Operating Margin	7.27%	7.09%	7.21%
Diluted EPS	\$1.16	\$1.10	\$1.11

HIGHLIGHTS

2.1% Total growth, LCI growth of 2.4%, 6.7% growth excluding PPE & COVID-19 related products. Strong growth in Medical, Technology/VAS and Dental Equipment.

Operating Income growth resulting from 6.2% Gross Profit growth y/y offset by expenses returning to a normalized level

+6 basis point improvement y/y on a Non-GAAP basis, within FY2022 guidance

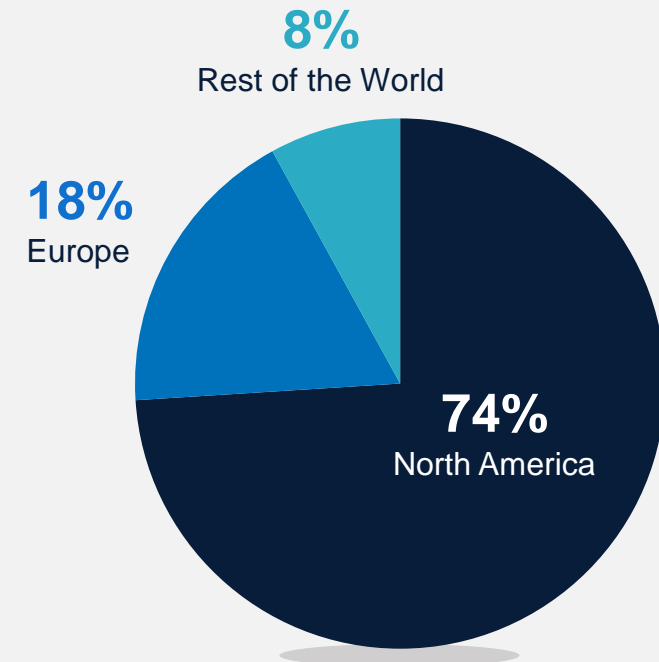
4.5% growth y/y on a Non-GAAP basis

*Refer to slide 18 for our GAAP & Non-GAAP Reconciliations.

Q2 FY2022 Worldwide Sales Summary

\$ Millions	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
Global Dental	\$1,853	\$1,912	-3.1%	-0.3%
<i>EXCLUDING PPE/COVID</i>			0.5%	3.5%
Global Medical	996	902	10.3%	6.7%
<i>EXCLUDING PPE/COVID</i>			18.1%	13.6%
Global Technology/VAS	181	153	18.1%	10.8%
Total Sales	\$3,030	\$2,967	2.1%	2.4%
<i>EXCLUDING PPE/COVID</i>			6.4%	6.7%

BY GEOGRAPHY



Q2 FY2022 Global Dental Sales Summary

\$ Millions	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
NA Dental Consumables	\$879	\$902	-2.5%	-3.5%
<i>Excl. PPE/COVID</i>			3.4%	2.2%
NA Dental Equipment	245	227	7.6%	8.1%
North America Dental	\$1,124	\$1,129	-0.4%	-1.1%
International Dental Consumables	\$562	\$606	-7.5%	-0.3%
<i>Excl. PPE/COVID</i>			-4.7%	2.7%
International Dental Equipment	167	177	-4.7%	5.5%
International Dental	\$729	\$783	-6.8%	1.0%
Global Dental Consumables	\$1,441	\$1,508	-4.5%	-2.2%
<i>Excl. PPE/COVID</i>			0.0%	2.4%
Global Dental Equipment	412	404	2.2%	7.0%
Global Dental	\$1,853	\$1,912	-3.1%	-0.3%
<i>Excl. PPE/COVID</i>			0.5%	3.5%

Dental performance driven by growth in equipment sales offset by y/y declines in PPE.

Consumables LCI growth excl. PPE and COVID-19 related products was 2.2% in NA Dental and 2.7% in International Dental.

In June we saw rising COVID-19 infection rates which we believe contributed to a decline in patient traffic

Q2 FY2022

Global Medical Sales Summary

\$ Millions	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
North America Medical	\$977	\$875	11.6%	7.6%
International Medical	19	27	-30.4%	-22.1%
Global Medical	\$996	\$902	10.3%	6.7%
<i>Excl. PPE/COVID</i>			18.1%	13.6%
COVID-19 Test Kits	\$68	\$75	-9.8%	-9.7%

Continued strength in Medical sales led by sales of Non-PPE/COVID-19 related products in North America.

Sales LCI growth excl. PPE and COVID-19 related products was 13.6%.

Q2 FY2022

Technology/VAS Sales Summary

<i>\$ Millions</i>	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
North America Technology/VAS	\$158	\$131	20.5%	10.4%
International Technology/VAS	23	22	3.5%	13.4%
Global Technology/VAS	\$181	\$153	18.1%	10.8%

Accelerating growth
exhibited by Henry
Schein One

Q2 FY2022

Technology/VAS + Dental Specialty Sales Summary

<i>\$ Millions</i>	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
Global Technology/VAS	\$181	\$153	18.1%	10.8%
Global Dental Specialties*	242	235	3.0%	6.6%
Global Technology/VAS + Dental Specialties	\$423	\$389	9.0%	8.2%
% of Total Sales	14.0%	13.1%		

Our goal is to grow Sales of Technology/VAS + Dental Specialty businesses in the low double-digits, including acquisitions, with minimum of 20% Operating Margin.

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

Financial Guidance – Full Year 2022

As of August 2, 2022*	Previous Outlook	Revised Outlook
Total Sales growth over 2021**	5% to 8%	3% to 6%
COVID Test Kit Sales decline over 2021	-15% to -25%	-25% to -30%
FY2022 Operating Margin expansion over 2021 GAAP Operating Margin	+39 to 44 bps	
FY2022 Operating Margin expansion over 2021 Non-GAAP Operating Margin	+20 to 25 bps	
FY2022 GAAP diluted EPS***	\$4.75 to \$4.91	
FY2022 GAAP diluted EPS growth compared with 2021 GAAP diluted EPS	7% to 10%	
FY2022 GAAP diluted EPS growth compared with 2021 Non-GAAP diluted EPS	5% to 9%	

Sales guidance reflects adverse effects of foreign exchange rates and a decrease in sales of PPE and COVID-related products, including COVID-19 test kits.

*FY2022 Guidance is as of August 2, 2022 and should not be considered an update of guidance beyond that date.

**Please note that 2022 will include one extra selling week compared with 2021, which will occur in the fourth quarter.

***Our guidance for 2022 diluted EPS is for completed or previously announced acquisitions and does not include the impact of potential future acquisitions or restructuring expenses. Guidance also assumes that foreign currency exchange rates will remain generally consistent with current levels, that end markets will remain stable and are consistent with current market conditions, and that there are no material adverse market changes associated with COVID-19.



ESG Action & Reporting



- In Q3, expect to publish first TCFD report on climate risks and opportunities with plans to conduct a scenario analysis this year



- Continued commitment to our Team Schein Members' health and safety to drive a culture of overall wellness
- New 2022 goal to increase the diversity of underrepresented groups in senior leadership roles by utilizing and enhancing our talent planning and recruitment
- Nearly halfway through our \$50M goal to advance health equity and access to care for the underserved



- In Q3, expect to publish our 2021 CSR report in accordance with GRI and SASB standards

Appendix



Q2 FY2022

PPE & COVID-19 Related Products Sales Summary

<i>\$ Millions</i>	Q2 FY2022	Q2 FY2021	y/y Δ	y/y LCI Δ
NA Dental Consumable PPE & COVID-19 related products	\$85	\$133	-36.3%	-36.2%
Int'l Dental Consumable PPE & COVID-19 related products	29	49	-39.5%	-35.2%
Global Medical PPE & COVID-19 related products	145	182	-20.4%	-20.9%
Total PPE & COVID-19 related products	\$259	\$364	-28.8%	-28.4%

GAAP & Non-GAAP Reconciliations

Q2 2022 Financial Highlights

Henry Schein, Inc.
 Second Quarter 2022 Analyst Presentation
 Q2 2022 - Financial Highlights
 (in millions, except per share data)

	GAAP			Reconciling Items				Non-GAAP		
	Q2 2021	Q2 2022	Growth	Restructuring Costs		Settlement and Litigation		Q2 2021	Q2 2022	Growth
				2021	2022	2021	2022			
Net Sales	\$ 2,967	\$ 3,030	2.1%					\$ 2,967	\$ 3,030	2.1%
Operating Income	\$ 210	\$ 220	4.6%	\$ 1	\$ -	\$ 3	\$ -	\$ 214	\$ 220	2.9%
Operating Margin	7.09%	7.27%	18 bps					7.21%	7.27%	6 bps
Net Income	\$ 156	\$ 160	3.3%	\$ 1	\$ -	\$ -	\$ -	157	160	2.7%
Diluted EPS	\$ 1.10	\$ 1.16	5.5%	\$ 0.01	\$ -	\$ -	\$ -	\$ 1.11	\$ 1.16	4.5%

Note: 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

2021 Financial Highlights

Henry Schein, Inc.
 Second Quarter 2022 Analyst Presentation
 Full Year 2021 Financial Highlights
 From Continuing Operations
 (in millions, except per share data)

	Reconciling Items													
	GAAP			Restructuring Costs		Settlement and Litigation Costs		Net Gain on Sale of Equity Investments		Total Reconciling Items		Non-GAAP		
	2020	2021	Growth	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	Growth
Net Sales	\$ 10,119	\$ 12,401	22.6%							\$ -	\$ -	\$ 10,119	\$ 12,401	22.6%
Operating Income	\$ 535	\$ 852	59.1%	\$ 32	\$ 8		\$ 16			\$ 32	\$ 24	\$ 567	\$ 875	54.3%
Operating Margin	5.29%	6.87%	158 bps									5.61%	7.06%	145 bps
Net Income	\$ 403	\$ 631	56.7%	\$ 24	\$ 6	\$ -	\$ 11	\$ (2)	\$ (7)	\$ 22	\$ 9	\$ 425	\$ 641	50.6%
Diluted EPS	\$ 2.81	\$ 4.45	58.4%	\$ 0.17	\$ 0.04	\$ -	\$ 0.08	\$ (0.01)	\$ (0.05)	\$ 0.16	\$ 0.07	\$ 2.97	\$ 4.52	52.2%

Note: Amounts may not sum due to rounding.

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