
Q3 2023

Earnings Conference Call

Financial Results & Outlook



November 13, 2023

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 impact of the cybersecurity incident on our business and results of operations, including the accuracy of our estimates of the impact, the timing and extent of any insurance claim recovery, and the timing of the Company’s filing of its Quarterly Report on Form 10-Q for the period ended September 30, 2023, the overall impact of the Coronavirus Disease 2019 (COVID-19) on the Company, its 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”) products 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 supply chain disruptions will adversely impact our business, the impact of integration and restructuring programs as well as of any future acquisitions, general economic conditions including exchange rates, inflation and recession, 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, and COVID-19 vaccines and ancillary supplies, and (ii) expectations regarding COVID-19 test sales, demand and inventory levels.

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; legal, regulatory, compliance, cybersecurity, 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; adverse changes in supplier rebates or other purchasing incentives; risks related to the sale of corporate brand products; 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, recession, 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; 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 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 attached to the 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.

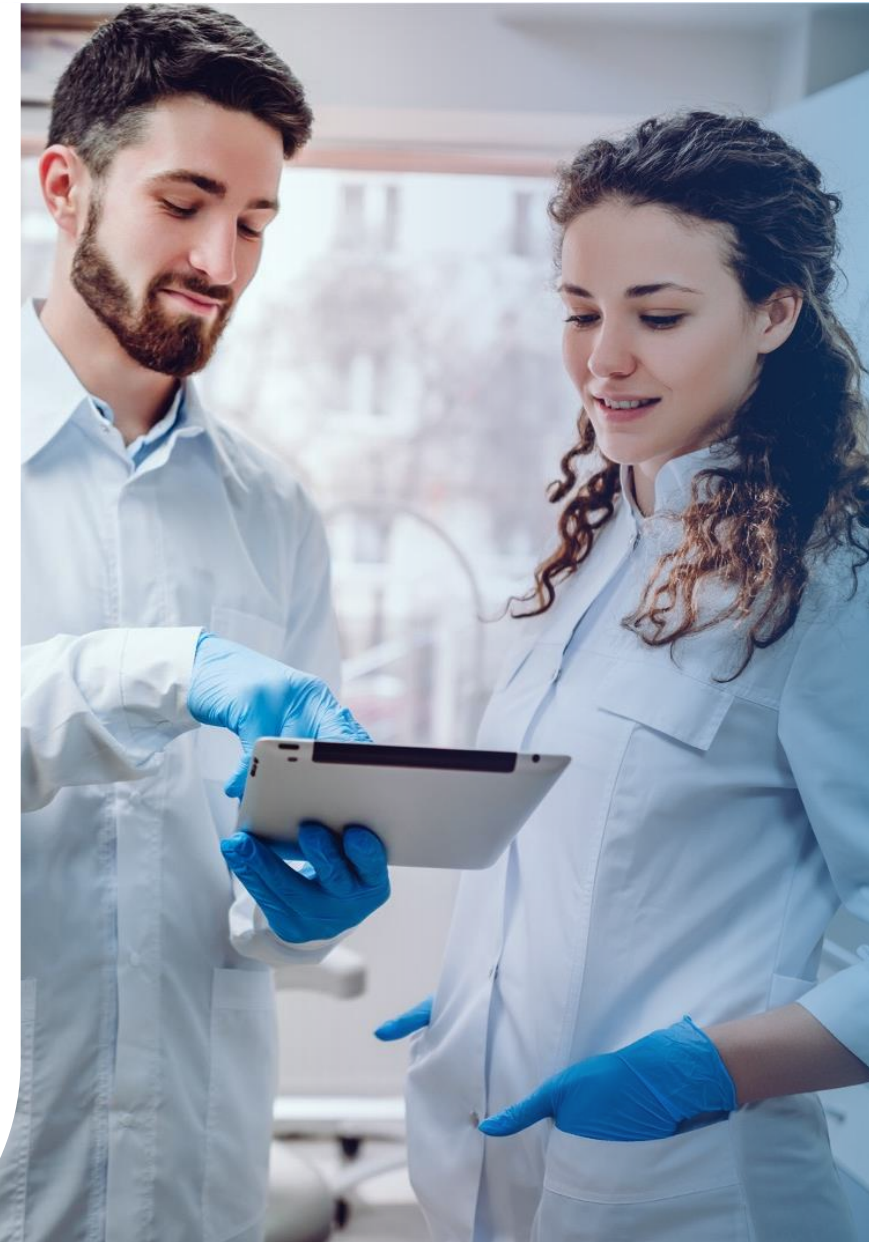
Key Takeaways

Solid financial results for the third quarter, achieving good total sales growth and non-GAAP diluted EPS growth driven by our technology, value-added services and dental specialty products

Lowering full-year 2023 guidance to a range of \$4.43 to \$4.71 reflecting softening macroeconomic conditions and an estimated \$0.55 to \$0.75 per share business interruption impact from the recent cybersecurity incident

Our distribution businesses are now operational, and we have made significant progress resuming the high levels of service our customers have come to expect from us

The underlying fundamentals of our core business remain solid, and we are executing ahead of schedule with our 2022-2024 BOLD+1 Strategic Plan



Q3 Financial and Operational Highlights

Worldwide Sales Growth

3.1%

Driven by strength in Technology & Value-Added Services despite continued lower sales of PPE products and COVID-19 test kits

Non-GAAP Diluted EPS*

\$1.32

Reflecting solid core business growth

Global Dental Sales Growth

6.3%

When excluding sales of PPE products

Dental Specialties Sales Growth

24.8%

Driven by acquisitions of Biotech and S.I.N Implant Systems

Global Technology/VAS Sales Growth

18.8%

Driven by the strength of Henry Schein One and the Large Practice Solutions acquisition

Global Medical Sales Growth

2.5%

When excluding sales of PPE products and COVID-19 test kits

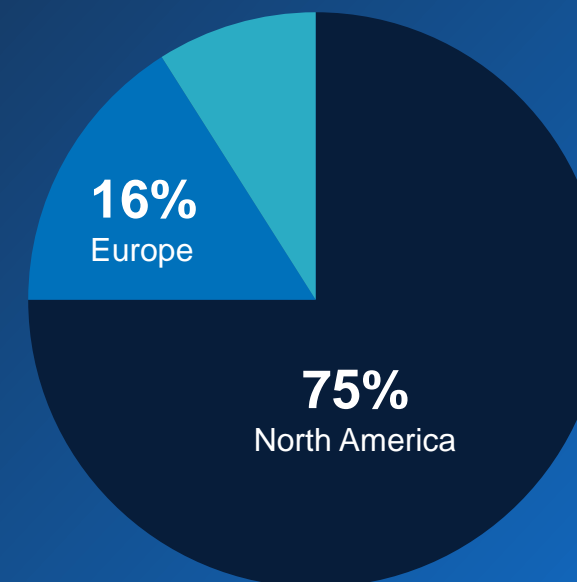
*Refer to slide 19 for our GAAP & Non-GAAP Reconciliation.

Q3 FY2023 Consolidated Results*

<i>(in millions of USD except EPS)</i>	Q3 2023 (GAAP)	Q3 2022 (GAAP)	Q3 2023 (Non-GAAP)	Q3 2022 (Non-GAAP)
Total Sales	\$3,162	\$3,067	\$3,162	\$3,067
Operating Income	\$200	\$211	\$255	\$252
Operating Margin	6.34%	6.86%	8.09%	8.21%
Diluted EPS	\$1.05	\$1.09	\$1.32	\$1.29

BY GEOGRAPHY

9%
Rest of the World



Q3 FY2023 Worldwide Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ	y/y LCI* Δ
Global Dental	\$1,882	\$1,785	5.4%	-0.2%
<i>Excl. PPE</i>			6.3%	0.3%
Global Medical	1,070	1,106	-3.1%	-4.6%
<i>Excl. PPE/COVID-19 Test Kits</i>			2.5%	0.8%
Global Technology/VAS	210	176	18.8%	9.6%
Total Sales	\$3,162	\$3,067	3.1%	-1.2%
<i>Excl. PPE/COVID-19 Test Kits</i>			5.8%	1.1%



*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">• Biotech Dental and S.I.N. Implant System acquisitions accelerate the implementation of our strategy, adding high-growth, high-margin products and services businesses to our offering• Further expanding our value-added services to PPO advisory with Unitas
OPERATIONALIZE One Distribution to deliver exceptional customer experience, increased efficiency and sales growth	<ul style="list-style-type: none">• Closed Shield Healthcare acquisition furthering our strategy of following the patient, with businesses that deliver products directly to patients in their home and home health agencies
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

+1 Creating Value For Our Stakeholders

Value Creation Through Focused M&A

2023 Acquisitions	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

1.39x

Debt-to-EBITDA ratio as of
September 30, 2023

Maintain investment grade
balance sheet

~\$2.3B

Available borrowing
capacity as of
September 30, 2023

**Strong balance
sheet provides
flexibility to
pursue attractive
opportunities**

Acquisitions

\$1.0B+
Committed YTD

**Return of Capital to
Shareholders**

\$200M
Repurchased YTD

Capital Expenditures

\$108M
Invested YTD

Acquisition Expenses and Acquisition-Related Adjustments

<u>2023 QTD & YTD</u> <small>(in millions of USD except EPS)</small>	<u>Q3 2023</u>		<u>YTD 2023</u>	
	Operating Income	EPS	Operating Income	EPS
Acquisition Expenses*	(\$5)	(\$0.04)	(\$18)	(\$0.12)
Acquisition-Related Fair Value Adjustments**	(4)	(\$0.01)	12	\$0.08
Total Acquisition Expenses and Acquisition-Related Adjustments	(\$9)	(\$0.05)	(\$6)	(\$0.04)

<u>2022 QTD & YTD</u> <small>(in millions of USD except EPS)</small>	<u>Q3 2022</u>		<u>YTD 2022</u>	
	Operating Income	EPS	Operating Income	EPS
Acquisition Expenses*	(\$3)	(\$0.02)	(\$6)	(\$0.04)
Acquisition-Related Fair Value Adjustments**	8	\$0.05	12	\$0.06
Total Acquisition Expenses and Acquisition-Related Adjustments	\$5	\$0.03	\$6	\$0.02

As indicated above, the year-to-date net impact of acquisition expenses and acquisition-related adjustments in 2023 and 2022 has been insignificant.

*Acquisition Expenses include direct costs of acquisitions (primarily third-party professional fees).

**Acquisition-Related Fair Value Adjustments include remeasurement gain resulting from the purchase of a controlling interest of a previously held equity investment, impact from non-cash inventory step-up adjustments and fair value adjustments to contingent considerations.

Financial Guidance – Full Year 2023

We are narrowing the range of our guidance for 2023 non-GAAP diluted EPS for the underlying business to \$5.18 to \$5.26 from \$5.18 to \$5.35 previously, reflecting softening macroeconomic conditions. Additionally, we estimate a business interruption impact from the recent cybersecurity incident of \$0.55 to \$0.75 per share. As a result, we now expect non-GAAP diluted EPS of \$4.43 to \$4.71.

Our 2023 net sales are now expected to be 1% to 3% lower than 2022 net sales. This change in guidance primarily reflects lower sales as a result of the cybersecurity incident.

This financial impact does not include any insurance claim recovery, or certain expenses directly associated with the cybersecurity incident as we expect to report such as non-GAAP expenses in the fourth quarter.

As of November 13, 2023*	Prior Guidance for Full Year 2023	Revised Guidance for Full Year 2023
Total Sales growth**	+1% to +3%	-1% to -3%
2023 Non-GAAP diluted EPS excluding impact from cybersecurity incident***	\$5.18 to \$5.35	\$5.18 to \$5.26
Estimated impact on diluted EPS from cybersecurity incident business interruption	n/a	(\$0.55) to (\$0.75)
2023 Non-GAAP diluted EPS net of impact from cybersecurity incident***	\$5.18 to \$5.35	\$4.43 to \$4.71

The Company is providing guidance for 2023 diluted EPS on a non-GAAP basis, as noted above. The Company is not providing a reconciliation of its 2023 non-GAAP guidance to its projected 2023 diluted EPS 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 2023 diluted EPS 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.

*FY2023 Guidance is as of November 13, 2023 and should not be considered an update of guidance beyond that date. Guidance is for current continuing operations as well as announced acquisitions and does not include the impact of future share repurchases, potential future acquisitions, restructuring and integration expenses, and amortization expense of acquired intangible assets, as well as certain expenses directly associated with the cybersecurity incident. Guidance also assumes that foreign currency exchange rates are generally consistent with current levels and that end markets remain consistent with current market conditions.

**Please note that 2022 included one extra selling week compared with 2023, which occurred in the fourth quarter.

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

Appendix



Q3 FY2023 Worldwide Financial Results*

(in millions of USD except EPS)

	Q3 2023	Q3 2022	y/y Δ
Total Sales	\$3,162	\$3,067	3.1%
Gross Profit	995	914	8.8%
Gross Margin	31.47%	29.81%	+166 bps
Operating Expenses (Non-GAAP)**	740	662	11.6%
Operating Income (Non-GAAP)**	\$255	\$252	1.6%
Operating Margin (Non-GAAP)**	8.09%	8.21%	-12 bps
Net Income attributable to Henry Schein, Inc. (Non-GAAP)**	\$173	\$177	-2.1%
Earnings Per Share (Non-GAAP)**	\$1.32	\$1.29	2.3%
Effective Tax Rate	22.6%	23.1%	

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

**GAAP Results as follows:

Q3 2023: Operating Expenses \$795, Operating Income \$200, Operating Margin 6.34%, Net Income \$137, Earnings per share \$1.05

Q3 2022: Operating Expenses \$703, Operating Income \$211, Operating Margin 6.86%, Net Income \$150, Earnings per share \$1.09

Q3 FY2023 Global Dental Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ	y/y LCI* Δ
North America Dental Consumables	\$866	\$866	-0.1%	-1.2%
<i>Excl. PPE</i>			1.0%	-0.1%
North America Dental Equipment	268	265	1.2%	0.2%
North America Dental	\$1,134	\$1,131	0.2%	-0.9%
International Dental Consumables	\$599	\$505	18.8%	2.9%
<i>Excl. PPE</i>			20.0%	3.2%
International Dental Equipment	149	149	-0.4%	-5.9%
International Dental	\$748	\$654	14.4%	0.9%
Global Dental Consumables	\$1,465	\$1,371	6.9%	0.3%
<i>Excl. PPE</i>			8.2%	1.1%
Global Dental Equipment	417	414	0.6%	-2.0%
Global Dental	\$1,882	\$1,785	5.4%	-0.2%
<i>Excl. PPE</i>			6.3%	0.3%

Q3 FY2023 Global Medical Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ	y/y LCI* Δ
North America Medical	\$1,044	\$1,088	-4.1%	-4.5%
International Medical	26	18	57.1%	-9.2%
Global Medical	\$1,070	\$1,106	-3.1%	-4.6%
<i>Excl. PPE/COVID-19 Test Kits</i>			2.5%	0.8%
COVID-19 Test Kits (Worldwide)	\$44	\$82	-46.4%	-46.4%

Q3 FY2023 Technology/VAS Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ	y/y LCI* Δ
North America Technology/VAS	\$185	\$155	19.0%	9.2%
International Technology/VAS	25	21	17.7%	11.9%
Global Technology/VAS	\$210	\$176	18.8%	9.6%

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

Q3 FY2023

Technology/VAS + Dental Specialty Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ
Global Technology/VAS	\$210	\$176	18.8%
Global Dental Specialties*	268	214	24.8%
Global Technology/VAS + Dental Specialties	\$477	\$391	22.1%
% of Total Sales	15.1%	12.7%	

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

Q3 FY2023

PPE & COVID-19 Test Kit Sales Summary

<i>(in millions of USD)</i>	Q3 2023	Q3 2022	y/y Δ	y/y LCI* Δ
Global Dental Consumables PPE	\$83	\$93	-10.6%	-10.2%
Global Medical PPE	48	68	-30.4%	-31.5%
Total PPE	\$131	\$161	-19.0%	-19.2%
COVID-19 Test Kits	44	82	-46.4%	-46.4%
Total PPE & COVID-19 Test Kits	\$175	\$243	-28.2%	-28.4%

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

GAAP & Non-GAAP Reconciliations

Q3 FY2023 Financial Highlights

Henry Schein, Inc.

Third Quarter 2023 Analyst Presentation

Q3 2023 - Financial Highlights

(in millions, except per share data)

	Reconciling Items											
	GAAP			Restructuring Costs		Amortization Expense from Acquired Intangible Assets				Non-GAAP		
	Q3 2022	Q3 2023	Growth	2022	2023	2022	2023	2022	2023	Q3 2022	Q3 2023	Growth
Net Sales	\$ 3,067	\$ 3,163	3.1%							\$ 3,067	\$ 3,163	3.1%
Operating Income	210	200	-4.7%	\$ 10	\$ 11	\$ 32	\$ 44			252	256	1.6%
Operating Margin	6.86%	6.34%	(52) bps							8.21%	8.09%	(12) bps
Net Income	150	137	-8.0%	\$ 7	\$ 8	\$ 20	\$ 27			177	173	-2.1%
Diluted EPS	\$ 1.09	\$ 1.05	-3.7%	\$ 0.05	\$ 0.06	\$ 0.14	\$ 0.21			\$ 1.29	\$ 1.32	2.3%

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.

GAAP & Non-GAAP Reconciliations

2022 Financial Highlights

Henry Schein, Inc.
Third Quarter 2023 Analyst Presentation
Full Year 2022 Financial Highlights
(in millions, except per share data)

	Reconciling Items													Non-GAAP		
	GAAP			Restructuring Costs		Settlement and Litigation Costs		Net Gain on Sale of Equity Investment		Impairment of Intangible Assets		Amortization Expense from Acquired Intangible Assets		2021	2022	Growth
	2021	2022	Growth	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022			
Net Sales	\$ 12,401	\$ 12,647	2.0%									\$ 12,401	\$ 12,647	2.0%		
Operating Income	\$ 852	\$ 747	-12.2%	\$ 8	\$ 131	\$ 16	\$ -			\$ 1	\$ 34	\$ 999	\$ 1,038	3.9%		
Operating Margin	6.87%	5.91%	(96) bps									8.06%	8.20%	14 bps		
Net Income	\$ 631	\$ 538	-14.8%	\$ 5	\$ 103	\$ 11	\$ -	\$ (7)		\$ 0	\$ 23	\$ 716	\$ 741	3.5%		
Diluted EPS	\$ 4.45	\$ 3.91	-12.1%	\$ 0.03	\$ 0.74	\$ 0.08	\$ -	\$ (0.05)	\$ -	\$ -	\$ 0.16	\$ 5.05	\$ 5.38	6.5%		

Notes: Amounts may not sum due to rounding.

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

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