
Q1 FY2023 Earnings Conference Call

Financial Results & Outlook

 HENRY SCHEIN®

May 9, 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 overall impact of the Novel 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 the (i) ability of the Company to have continued access to a variety of COVID-19 test types, and expectations regarding COVID-19 test sales, demand and inventory levels, and (ii) potential for the Company 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; 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 within the Appendix, 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.

Agenda

01 Q1 Overview

02 Q1 Financial Results

03 FY2023 Guidance



Henry Schein

The Leading Provider of Health Care Products and Related Services to Office-based Dental and Medical Practitioners and Alternate Care Sites*

\$12.6B

FY2022 GLOBAL NET SALES

SERVING MORE THAN
1 MILLION
CUSTOMERS

MORE THAN
22,000
TEAM SCHEIN MEMBERS

90 YEARS IN
BUSINESS

OPERATIONS IN
32 COUNTRIES

COMPONENT OF
S&P 500® INDEX
6 YEARS



RECOGNIZED FOR

22
YEARS



RECOGNIZED FOR

12
YEARS



RECOGNIZED FOR

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 and expand customer spend through our product portfolio

+1 CREATE VALUE for our Stakeholders



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



DRIVE digital transformation for our customers and for Henry Schein



Key Takeaways:

- **Strong internal sales growth of 6.3% in local currencies (excluding PPE products and COVID-19 Test Kits),** reflecting the underlying health of our business.
- **Updated 2023 Guidance** to include effects of the Biotech Dental acquisition (refer to slide 14).
- **Strong operating performance** advancing our **BOLD+1 Strategy**.



First Quarter Financial Results

- **Worldwide LCI Sales growth of 6.3% when excluding sales of PPE & COVID-19 Test Kits**
 - *Total Sales growth continues to be impacted by lower pricing of PPE products and lower volume of COVID-19 Test Kits vs. prior year*
 - *Total Sales growth of -3.8% with LCI* Sales growth of -3.7%*
- **Non-GAAP diluted EPS** of \$1.21**
 - *EPS negatively impacted vs. prior year by:*
 - *Estimated \$0.24 lower EPS contribution from PPE products and COVID-19 Test Kits*
 - *\$0.04 acquisition related expenses*
 - *\$0.02 foreign exchange*



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

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

Q1 FY2023 Worldwide Summary*

<i>\$ Millions except EPS</i>	Q1 FY2023 (GAAP)	Q1 FY2022 (GAAP)	Q1 FY2023 (Non-GAAP)	Q1 FY2022 (Non-GAAP)
Total Sales	\$3,060	\$3,179	\$3,060	\$3,179
Operating Income	\$175	\$244	\$235	\$276
Operating Margin	5.73%	7.69%	7.68%	8.70%
Diluted EPS	\$0.91	\$1.30	\$1.21	\$1.44

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

HIGHLIGHTS

Strong LCI sales growth of 6.3% (excluding PPE and COVID-19 Test Kits) across our businesses. Excellent growth in our Technology/VAS businesses along with very good growth in our Dental business

Operating Income decline (Non-GAAP) due to lower gross profit from PPE & COVID-19 Test Kit sales and higher acquisition related expenses

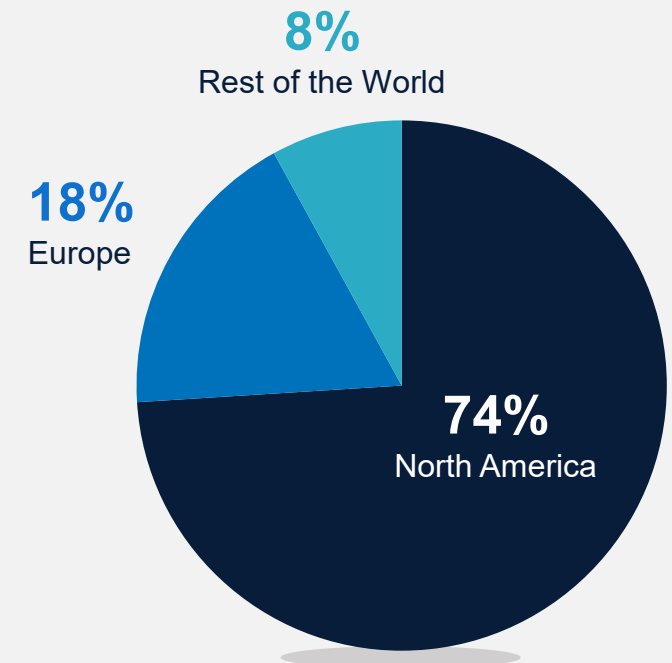
102 basis point decline (Non-GAAP) due primarily to lower PPE & COVID-19 Test Kit sales and higher acquisition related expenses

Non-GAAP EPS decline of 16.0% y/y; estimated \$0.24 lower EPS contribution from PPE products and COVID-19 Test Kits vs. prior year, \$0.04 acquisition related expenses, \$0.02 foreign exchange

Q1 FY2023 Worldwide Sales Summary

\$ Millions	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI* Δ
Global Dental	\$1,898	\$1,828	3.8%	4.0%
<i>Excl. PPE</i>			7.2%	7.4%
Global Medical	971	1,172	-17.2%	-17.1%
<i>Excl. PPE/COVID-19 Test Kits</i>			4.1%	4.2%
Global Technology/VAS	191	179	6.8%	6.5%**
Total Sales	\$3,060	\$3,179	-3.8%	-3.7%
<i>Excl. PPE/COVID-19 Test Kits</i>			6.2%	6.3%

BY GEOGRAPHY



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

⁹ **Global Technology/VAS Sales LCI growth was 12.4% after adjusting for the expiration of a Government contract.

Q1 FY2023 Global Dental Sales Summary

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI* Δ
North America Dental Consumables	\$896	\$868	3.3%	1.3%
<i>Excl. PPE</i>			8.8%	6.6%
North America Dental Equipment	248	237	4.2%	2.6%
North America Dental	\$1,144	\$1,105	3.5%	1.6%
International Dental Consumables	\$591	\$560	5.5%	8.1%
<i>Excl. PPE</i>			8.4%	11.0%
International Dental Equipment	163	163	0.6%	5.8%
International Dental	\$754	\$723	4.4%	7.6%
Global Dental Consumables	\$1,487	\$1,428	4.1%	4.0%
<i>Excl. PPE</i>			8.6%	8.4%
Global Dental Equipment	411	400	2.8%	3.9%
Global Dental	\$1,898	\$1,828	3.8%	4.0%
<i>Excl. PPE</i>			7.2%	7.4%

Consumables LCI growth excl. PPE was 6.6% in North America Dental and 11.0% in International Dental.

Strong traditional equipment LCI sales growth was offset by digital equipment LCI sales declines

Equipment LCI growth was 2.6% in North America Dental and 5.8% in International Dental

¹⁰ *LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Q1 FY2023 Global Medical Sales Summary

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI* Δ
North America Medical	\$951	\$1,150	-17.3%	-17.3%
International Medical	20	22	-11.6%	-6.3%
Global Medical	\$971	\$1,172	-17.2%	-17.1%
<i>Excl. PPE/COVID-19 Test Kits</i>			4.1%	4.2%
COVID-19 Test Kits (Worldwide)	\$52	\$254	-79.4%	-79.4%

Medical Sales LCI growth
excl. PPE and COVID-19
Test Kits was 4.2%.

¹¹ *LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Q1 FY2023 Technology/VAS Sales Summary

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI* Δ
North America Technology/VAS	\$166	\$156	7.1%	5.4%
International Technology/VAS	25	23	5.1%	13.5%
Global Technology/VAS	\$191	\$179	6.8%	6.5%

Excellent sales growth exhibited by Henry Schein One, particularly from Dentally in our International businesses and North America practice management software.

Sales growth was negatively impacted by the expiration of a government contract. Adjusting for this contract, North America Technology/VAS LCI growth was 12.2% and Global Technology/VAS LCI growth was 12.4%.

Q1 FY2023

Technology/VAS + Dental Specialty Sales Summary

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI** Δ
Global Technology/VAS	\$191	\$179	6.8%	6.5%
Global Dental Specialties*	233	227	2.6%	4.4%
Global Technology/VAS + Dental Specialties	\$424	\$406	4.4%	5.3%
% of Total Sales	13.9%	12.8%		

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.

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

Global Technology/VAS + Dental Specialties Total Sales growth of 6.9% and LCI growth of 7.8% after adjusting for the expiration of a Government contract.

Financial Guidance – Full Year 2023

We are updating our non-GAAP diluted EPS financial guidance for 2023 to include \$0.05 to \$0.10 dilution for the Biotech Dental acquisition, primarily due to acquisition accounting adjustments for inventory and transaction-related expenses. Our outlook for the underlying business remains consistent with our prior guidance.

As of May 9, 2023*	Prior Guidance for Full Year 2023	Revised Guidance for Full Year 2023
Total Sales growth**	+1% to +3%	+1% to +3%
PPE Sales growth	-20% to -25%	-20% to -25%
COVID-19 Test Kit Sales growth	-35% to -40%	-65% to -70%
2023 Non-GAAP Operating Margin change vs. 2022***	-10 bps to -15 bps	-10 bps to -15 bps
2023 Non-GAAP diluted EPS***	\$5.25 to \$5.42	\$5.18 to \$5.35
2023 Non-GAAP diluted EPS growth***	-2% to +1%	-4% to -1%
Estimated impact on 2023 non-GAAP diluted EPS from lower contributions to earnings from sales of PPE products and COVID-19 Test Kits	\$0.35 to \$0.40	\$0.35 to \$0.40

*FY2023 Guidance is as of May 9, 2023 and should not be considered an update of guidance beyond that date. Guidance for 2023 is for completed acquisitions, does not include the impact of future share repurchases, other announced or potential future acquisitions or integration and restructuring expenses, if any. While the recently closed Biotech Dental acquisition is now reflected within our guidance, our recently announced acquisition of S.I.N. Implant System is not. This guidance also assumes that foreign currency exchange rates remain 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.

ESG Action & Reporting



Environmental

- Issued our first TCFD Report with our TCFD Scenario Analysis work in progress
- Working on SBTi readiness and climate roadmap towards our carbon reduction goal.
- Evolving all environmental sustainability brands under a global Practice Green™ brand to encourage customers to become more eco-friendly and to help empower the health care community to establish sustainable practices for a healthier planet



Social

- Engaged our executive leadership team to re-evaluate our workplace norms and the way we are working in a virtual world to reduce burnout;
- Launched a human rights compliance training course
- Continued roll-out of mandatory D&I MBO goal tied to compensation including education, guidelines and toolkits for Global Directors and VPs and now U.S. Managers on key D&I concepts
- Continued advancing health equity efforts such as responding to disasters (e.g., Turkey earthquake) to support underserved and underrepresented communities



Governance

- Issued 2021 Sustainability and CSR Report per SASB and GRI reporting framework
- ESG Assurance Readiness complete with teams enhancing internal controls and data collection methods
- Environmental Impact Council activated with Board and executive management engagement.

Appendix



Q1 FY2023 Worldwide Financial Results*

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ
Total Sales	\$3,060	\$3,179	-3.8%
Gross Profit	966	973	-0.7%
Gross Margin	31.57%	30.60%	+97 bps
Operating Expense	731	697	-5.0%
Operating Income (Non-GAAP)	\$235	\$276	-15.0%
Operating Margin (Non-GAAP)	7.68%	8.70%	-102 bps
Net Income (Non-GAAP)	\$161	\$200	-19.6%
Earnings Per Share (Non-GAAP)	\$1.21	\$1.44	-16.0%
Effective Tax Rate	24.1%	24.1%	

Q1 FY2023

PPE & COVID-19 Test Kit Sales Summary

<i>\$ Millions</i>	Q1 FY2023	Q1 FY2022	y/y Δ	y/y LCI* Δ
Global Dental Consumables PPE	\$92	\$140	-34.2%	-34.1%
Global Medical PPE	57	94	-39.9%	-39.7%
Total PPE	149	234	-36.5%	-36.4%
COVID-19 Test Kits	52	254	-79.4%	-79.4%
Total PPE & COVID-19 Test Kits	\$201	\$488	-58.8%	-58.7%

GAAP & Non-GAAP Reconciliations

Q1 FY2023 Financial Highlights

Henry Schein, Inc.

First Quarter 2023 Analyst Presentation

Q1 2023 - Financial Highlights

(in millions, except per share data)

	Reconciling Items											
	GAAP			Restructuring Costs		Amortization Expense from Acquired Intangible Assets				Non-GAAP		
	Q1 2022	Q1 2023	Growth	2022	2023	2022	2023	2022	2023	Q1 2022	Q1 2023	Growth
Net Sales	\$ 3,179	\$ 3,060	-3.8%							\$ 3,179	\$ 3,060	-3.8%
Operating Income	244	175	-28.3%	\$ -	\$ 30	\$ 32	\$ 30			276	235	-15.0%
Operating Margin	7.69%	5.73%	(196) bps							8.70%	7.68%	(102) bps
Net Income	181	121	-32.8%	\$ -	\$ 21	\$ 20	\$ 19			200	161	-19.6%
Diluted EPS	\$ 1.30	\$ 0.91	-30.0%	\$ -	\$ 0.16	\$ 0.14	\$ 0.14			\$ 1.44	\$ 1.21	-16.0%

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.
 First Quarter 2023 Analyst Presentation
 Full Year 2022 Financial Highlights
 (in millions, except per share data)

	Reconciling Items															
	GAAP			Restructuring Costs		Settlement and Litigation Costs		Net Gain on Sale of Equity Investment		Impairment of Intangible Assets		Amortization Expense from Acquired Intangible Assets		Non-GAAP		
	2021	2022	Growth	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	Growth
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	\$ 123	\$ 126	\$ 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	\$ 76	\$ 78	\$ 716	\$ 741	3.5%
Diluted EPS	\$ 4.45	\$ 3.91	-12.1%	\$ 0.03	\$ 0.74	\$ 0.08	\$ -	\$ (0.05)	\$ -	\$ -	\$ 0.16	\$ 0.54	\$ 0.57	\$ 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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