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# Henry Schein Overview

## Q3 2024



NOVEMBER 5, 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 total sales growth, 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 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 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.

# Henry Schein

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

**\$12.3B**

FY2023 GLOBAL NET SALES

SERVING MORE THAN  
**1 MILLION**  
CUSTOMERS

APPROXIMATELY  
**25,000**  
TEAM SCHEIN MEMBERS

**92** YEARS IN  
BUSINESS

OPERATIONS IN  
**33** COUNTRIES

COMPONENT OF  
S&P 500® INDEX  
**7 YEARS**

# Key Developments Since IPO In 1995

**TRANSFORMED:**

From the leading U.S. mail-order dental distributor **to the leading global dental and medical products and services provider to office-based practitioners and alternate care sites<sup>1</sup>**

**SIGNIFICANTLY EXTENDED POSITION IN:**

- Specialty products
- Corporate brands and proprietary products
- Digital solutions
- Value-added services
- Medical alternate care sites

**CURRENT STATE<sup>2</sup>:**

**#1**

global provider of dental merchandise, specialty products, traditional and digital equipment, parts and services to office-based dental practitioners

**#1**

in global dental practice management software

**#2**

US provider of med surg, vaccines, pharmaceuticals, equipment and diagnostics to medical alternate care sites<sup>1</sup> and in the home

**~\$8B**

in global dental sales, including \$1B+ in dental specialty portfolio

**~\$800M**

in global dental practice management sales and value-added services

**~\$4B**

in U.S. medical sales

**~\$3B** in corporate & owned brands portfolio (including technology)



**Since IPO:**

**13%**

**CAGR NON-GAAP EPS<sup>2</sup>**

**12%**

**CAGR STOCK APPRECIATION<sup>3</sup>**

<sup>1</sup> Excludes specialty drugs.

<sup>2</sup> From Continuing Operations, based on 12-month data through Q4 2023. Excludes Animal Health in 1995. Also excludes certain non-recurring items to provide a more comparable basis for analysis. A reconciliation of GAAP to non-GAAP adjustments is included in the Appendix.

<sup>3</sup> Calculated using the stock price as of September 30<sup>th</sup>, 2024 close.

# Favorable Macro Trends

Leading to Increased Patient Traffic and Demand for Products and Services

## Demographics

- Aging global population

## Healthcare Developments

- Movement of procedures from hospital to physician offices and alternate care sites
- Growing awareness of correlation between good oral health and overall health
- Expanding healthcare coverage and access to care
- Increasing importance of wellness and prevention
- Untapped patient demand for healthcare services
- Consolidation of practitioners to multiple locations under common management

## Increased Adoption of Digital Technology

- Advancements in practice management software and electronic medical records
- Improved clinical workflow driving better patient outcomes
- Utilization of AI to improve patient case acceptance and diagnosis
- Enhanced patient communications

## Henry Schein benefits from:

- market leadership
- broad customer base
- large-customer relationships
- diversified business portfolio
- integrated solutions

# Our BOLD+1 Strategic Plan

Customers will rely on us for an exceptional experience, delivering differentiated solutions that make their practices more successful and improve patient outcomes.

Together, we make the world healthier.





# Our BOLD+1 Priorities

**BUILD** complementary **software, specialty, and services** to strategically shift our mix to high growth and high margin businesses

- **Provide integrated solutions**
- Accelerate both organic and inorganic growth of global **specialty products and services**
- Capitalize on unique data to develop **additional proprietary solutions**

**OPERATIONALIZE One Distribution** global footprint to:

- Deliver exceptional **customer experience, increase efficiency, and sales growth**
- Advance sales of our **corporate brands portfolio**

**LEVERAGE One Schein** to broaden and deepen relationships with our customers

**DRIVE digital transformation** for our customers and for Henry Schein

- Enhance personalized customer experience through our **global e-commerce platform**
- Advance connected **open architecture clinical digital workflow solution**

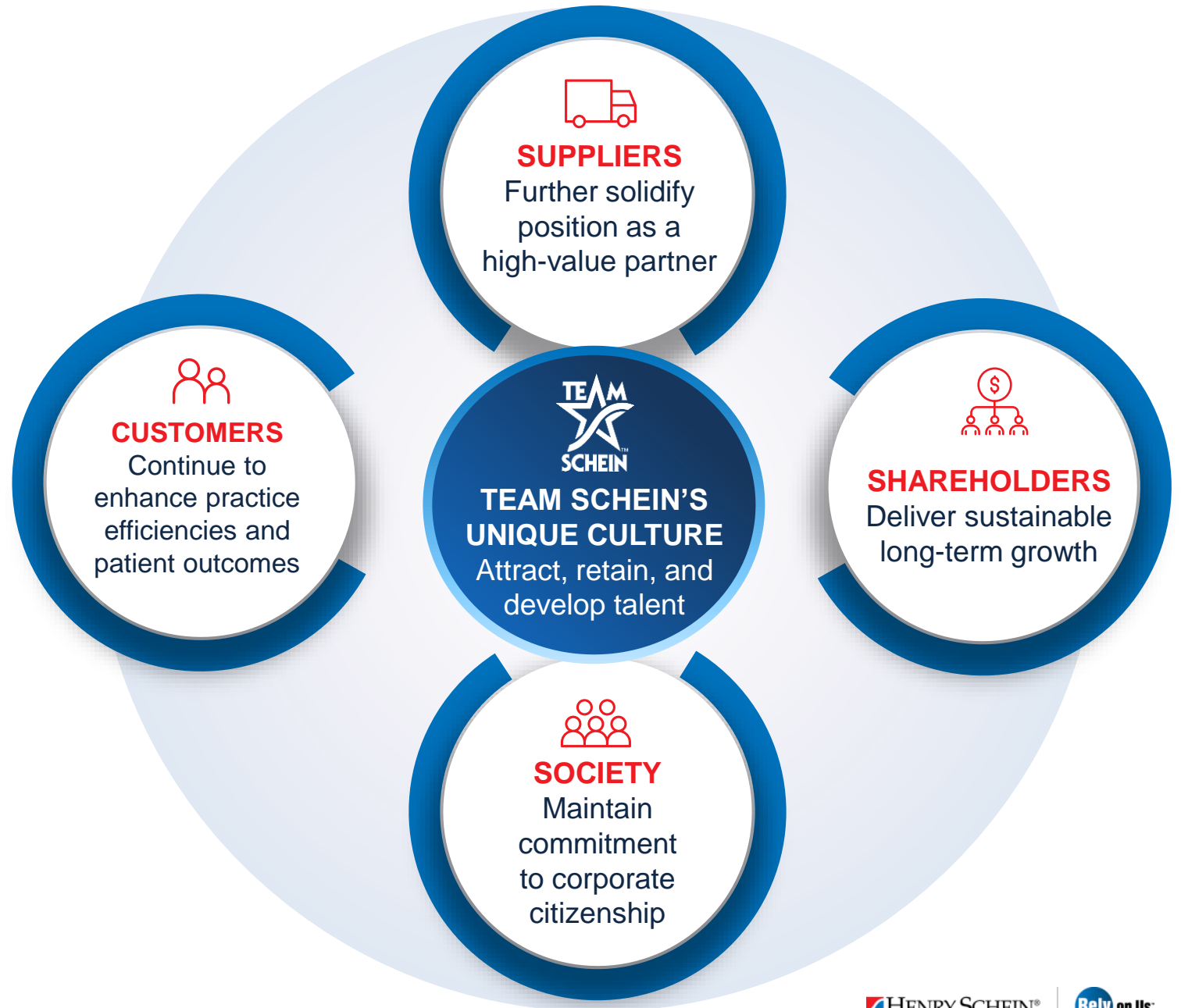
**+1 CREATE** value for our **stakeholders**



# Better Serving Our Stakeholders

+1

Together, we make  
the world healthier.

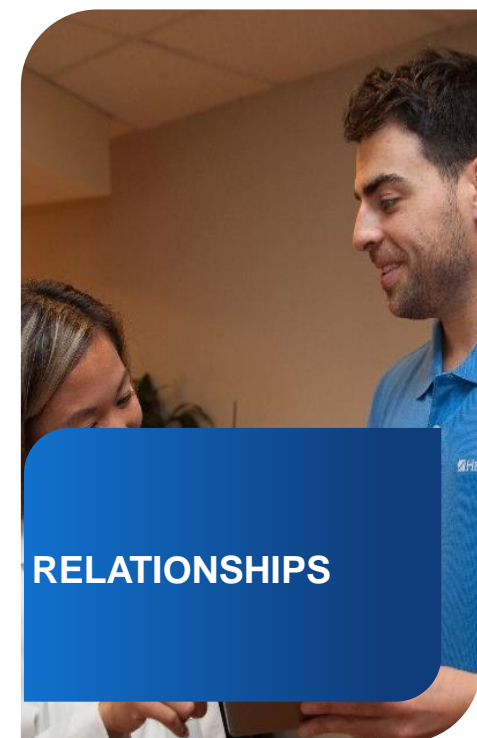
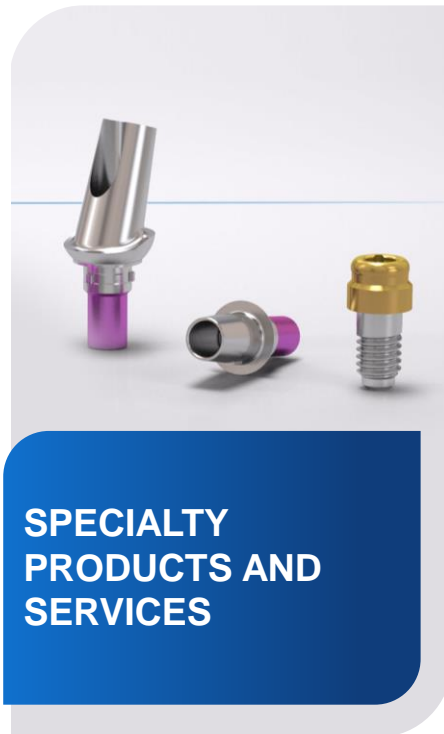




# Henry Schein's High-Touch, Value-Added Market Approach

Full-service provider of supplies, equipment, and services

Our strategy is focused on delivering solutions that enable our customers to provide the best quality patient care while optimizing the efficiency of their practice.



# Henry Schein Global Supply Chain Excellence

- 300K Unique Stocking SKUs Globally
- 22K Unique Private Brand Products
- Enhanced Transportation Network
- 90% of Worldwide Customers Serviced Next Day
- Globally operates out of 36 distribution and 22 manufacturing facilities



\* Warehouse and Manufacturing data as of Q4 2023.

# Dental Market

## Market Share

<b>35% to 40%</b> North America	<b>20% to 25%</b> Europe	<b>30% to 35%</b> Australia/New Zealand
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## Including Specialty Product Market Share

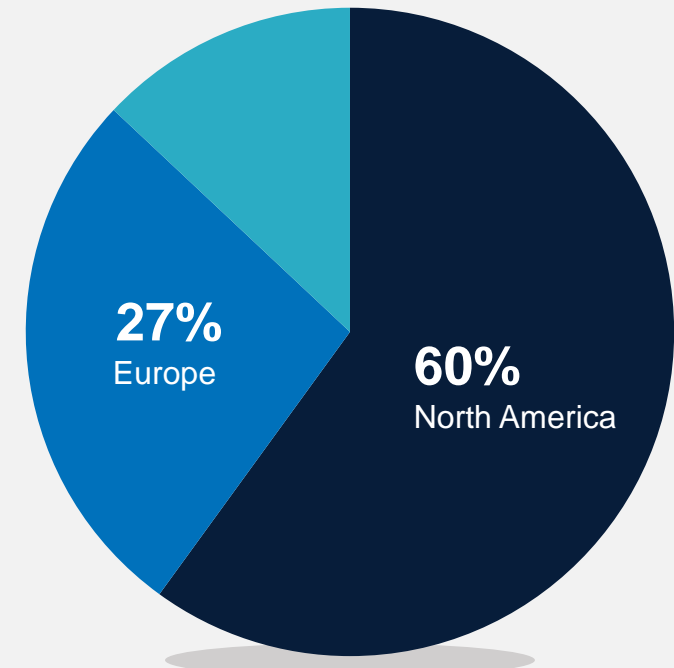
<b>~ 10%<sup>1</sup></b> Implants & Biomaterials	<b>~ 15%<sup>2</sup></b> Endodontics	<b>&lt;1%</b> Orthodontics
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### 2023 HENRY SCHEIN GLOBAL DENTAL SALES BY GEOGRAPHY

\$7.5B or 61% of Net Sales

**13%**

Rest of the World



<sup>1</sup> Implant-based tooth restoration market includes implants, abutments, implant-based custom prosthetics, related instruments and restorative components, hard and soft tissue bone regeneration.

<sup>2</sup> Market defined as manual and engine-driven files, obturation materials and irrigation products.

Source: Henry Schein Estimates. Market share represents Henry Schein estimates and is based on 12-month data through Q4 2023.

# Dental Market Position

**Only global dental distributor and solutions company for general practitioners, specialists, and laboratories**

- #1 in sales in North America
- #1 in sales in Europe
- #1 in sales in Australia/New Zealand
- #1 in sales in Brazil

## **Active customers (approximate)**

- 90% of U.S. dental practices
- 80% of dental labs in North America
- 65% of European dental practices
- 80% of Australia/New Zealand dental practices
- 60% of Brazil dental practices

## **Multifaceted sales and marketing approach**

- Approximately 3,000 dedicated Field Sales Consultants
- Product specialists, e.g., capital equipment, technology, specialty products, etc.
- Unique offerings with supplier partners
- Direct marketing using sophisticated E-Commerce, database tools and information
- Telesales



Source: Henry Schein Estimates. Market share represents Henry Schein estimates and is based on 12-month data through Q4 2023.

# Specialty Products Market Position

## Oral surgery solutions (#3 market share<sup>1</sup>)

- A leading provider of the entire assortment of oral surgery products
- Comprehensive portfolio of premium value and value implant lines and full range of biomaterial products
- Digital workflow solutions and a broad assortment of value-added services, including education

## Endodontics (#2 market share<sup>1</sup>)

- Innovative product portfolio, primarily through Brasseler, Edge, FKG and Angelus brands
- Global presence through multiple sales channels and brands
- Enhanced customer experience through education

## Orthodontics

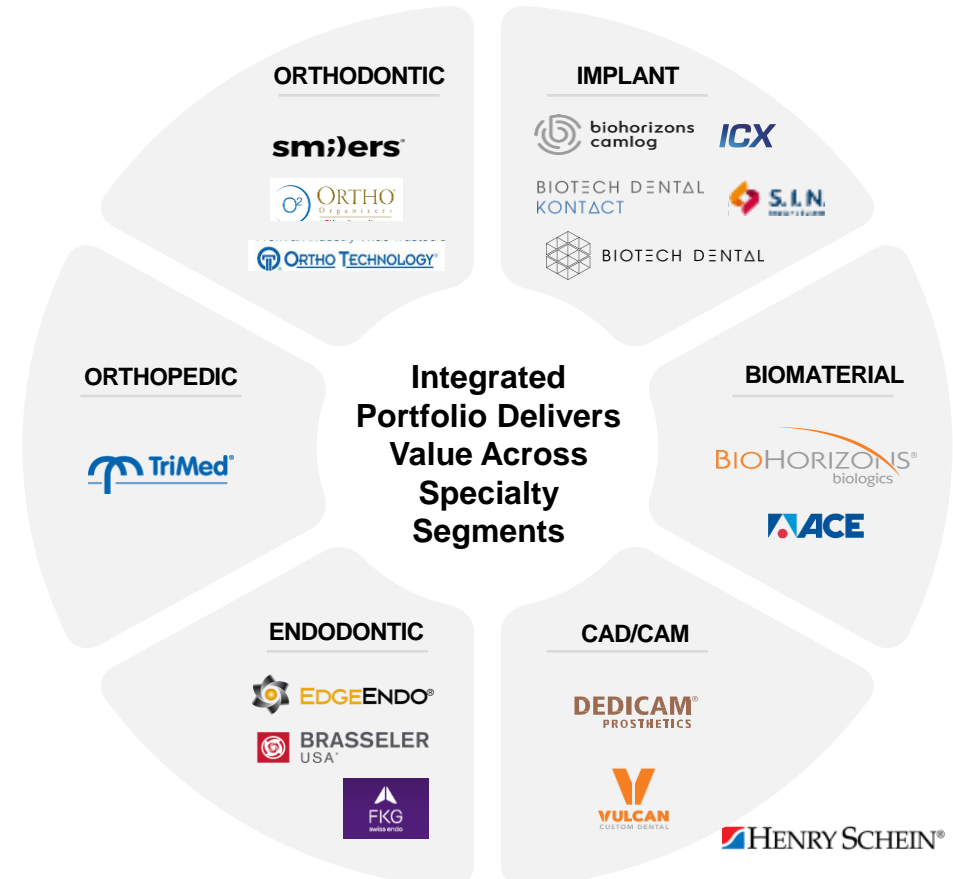
- Fully integrated treatment systems with customized capabilities for orthodontic and general practitioners, including self-ligating brackets, three-wire systems, and clear aligners
- Digital solutions for developing patient treatment plans

## Orthopedics

- High growth product category

## Specialty Products

- Higher margin products
- Historically faster growth than core dental market
- Ability to leverage existing relationships with specialty practitioners
- General practitioners increasingly performing specialty procedures



# Dental Market - Key Acquisitions

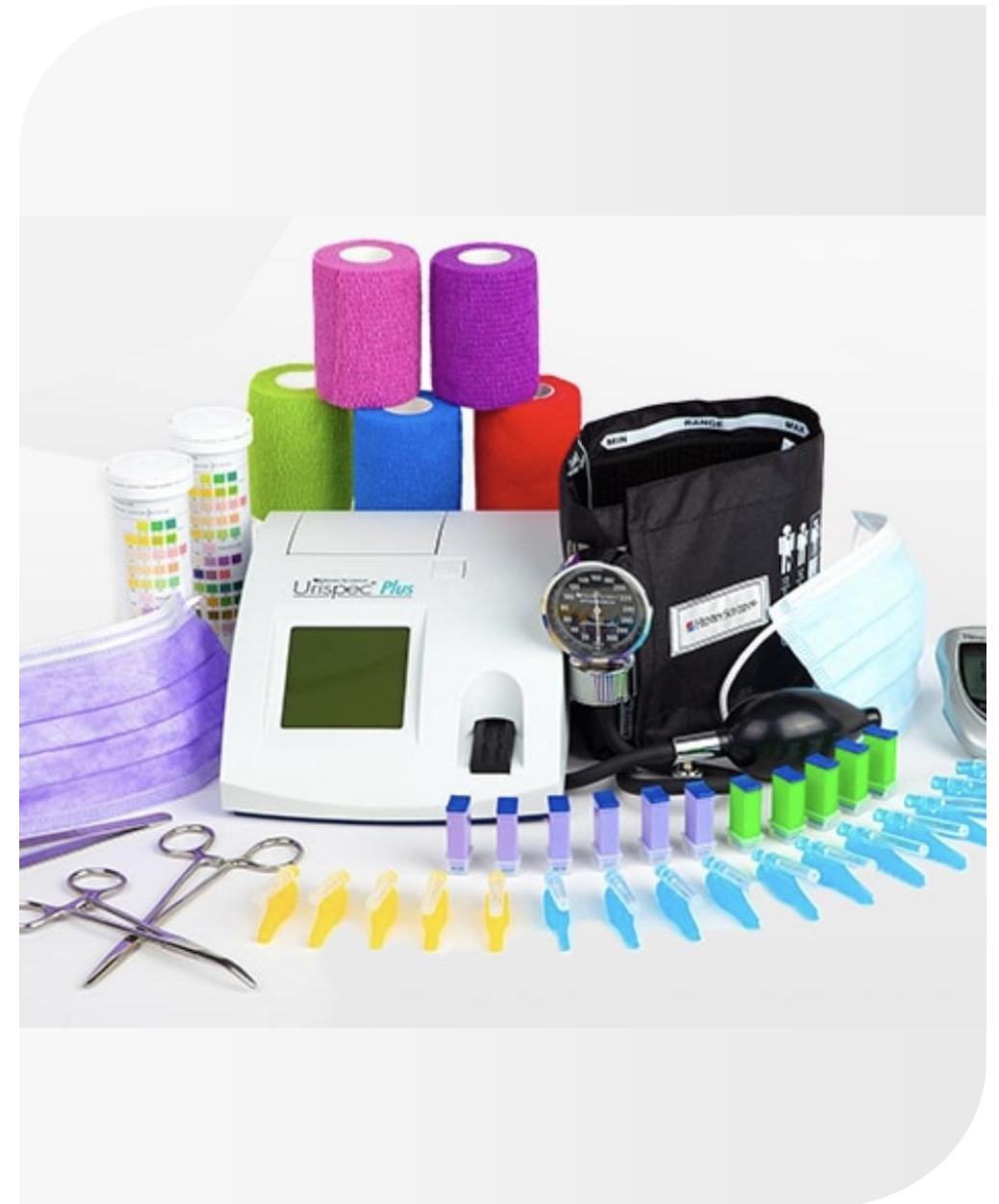
Key Acquisitions	Description	Revenue*
S.I.N. Implant Systems (2023)	Expands dental implant offering to Brazil and FDA approved value implant	\$60M
BioTech Dental (2023)	Expands dental implant, clear aligner and clinical workflow software offerings	\$100M
Midway Dental Supply (2022)	Expands dental distribution in North America	\$110M
Condor Dental (2022)	Expands dental distribution in Switzerland	\$18M
Casa Schmidt (2021)	Expands dental distribution in Spain/Portugal	\$42M
TDSC.com (2020)	Expands distribution in N.A. online channel	\$20M
Cliniclands (2019)	Entry into dental market in Sweden	\$10M
Wuhan (2019)	Expands our dental business in China	\$40M
Medentis/Intra-Lock/Pro-Cam (2018)	Strengthens global dental implant offerings	\$45M
Edge Endo (2017)	Expands our line of endodontic solutions	\$17M
SAS (2017)	Enhances dental surgical supply offering	\$72M
Marrodent (2016)	Entry into Poland dental market	\$32M
CAP (2016)	Expands lab supply business in the U.S.	\$30M
Dental Cremer (2016)	Expands our dental business in Brazil	\$145M

\* Last 12 months revenue as publicly disclosed at time of acquisition in USD.



# Dental Market – Long-Term Growth Strategy

- ✓ Increasing penetration with existing customers
- ✓ Greater penetration of dental specialty markets
- ✓ Advancing technology solutions
- ✓ Continued focus on large group practices
- ✓ Digitalization of prosthetic solutions
- ✓ Geographic expansion



# Medical Market Position

## U.S. market focus – long term growth strategy

- Approximately 60% of U.S. physician practices are active customers of Henry Schein
- Increase penetration organically and through acquisitions
- Continued focus on large accounts, health systems and surgery centers
- Focus on specialty segments and solutions
- Create unique offering with supply partners
- Select international opportunities

## Approximately 520 dedicated Field Sales Consultants

- Multi-channel capabilities

Source: Henry Schein Estimates. Market share represents Henry Schein estimates and is based on 12-month data through Q4 2023.

# #2

## U.S. distributor to healthcare providers in multiple segments:

alternate-site practices, ambulatory surgery centers, laboratory, public safety, government and health systems, and home health care



# Medical Market

## U.S. Market Share: Approximately 20%

Market information excludes certain specialty and oncology pharmaceutical products, software, and certain other services

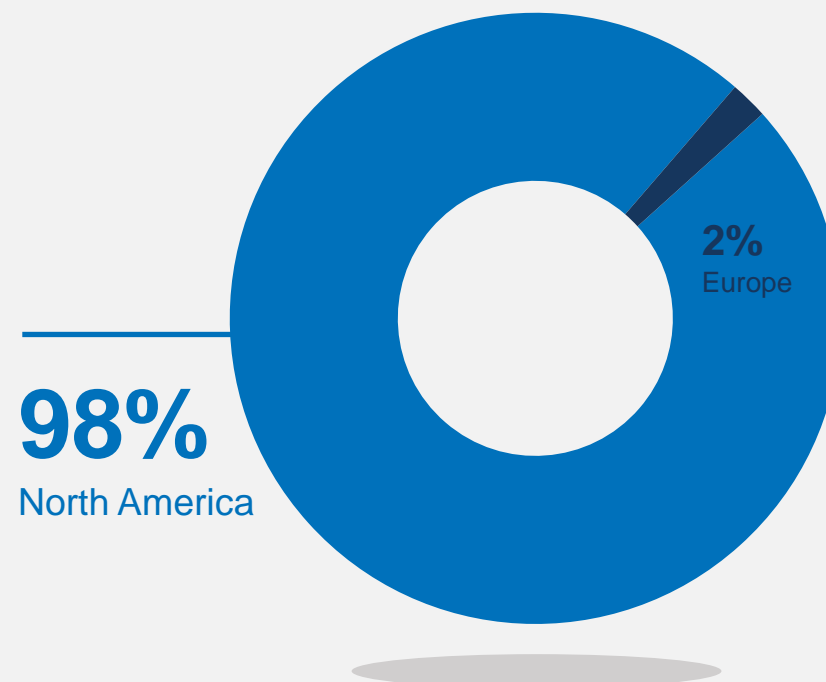
Key Acquisitions	Description	Revenue*
TriMed (2024)	Entrance into orthopedic products	\$50M
Shield Healthcare Inc. (2023)	Establish scale of business that delivers products directly to the patient in U.S.	\$180M
Regional Healthcare Group (2023)	Expands Medical business to Australia & New Zealand	\$42M
Prism Medical Products (2021)	Entrance into business that delivers products directly to the patient in U.S.	\$52M
North American Rescue (2019)	Medical products for defense/public-safety	\$184M

\* Last 12 months revenue as publicly disclosed at time of acquisition in USD.

Market share represents Henry Schein estimates for the customer segments we serve and is based on 12-month data through Q4 2023.

## 2023 HENRY SCHEIN GLOBAL MEDICAL SALES BY GEOGRAPHY

\$4.0B or 32% of Net Sales



# Technology & Value-Added Services Market Position

Leading global provider of technology solutions and integrated clinical workflow to dental practices

## Practice Management Solutions

- Three-quarters of revenue is recurring
  - Cloud usage
  - Support
  - RCM and other recurring services
  - Analytics
- U.S. penetration (approximate)
  - 55% dental practices
- A leader in servicing small and large practices in Dental
- Support more than 90% of dental schools in North America
- Leading software solutions in Canada, UK, France, Italy, Spain, Australia and New Zealand

## Financial Services

- Full-service provider of financial services
- Providing transitions services

## Practice Services

- Advisory services to help practices operate more efficiently and profitably
- Outsourced virtual dental billing market through e-Assist

## GROWTH DRIVERS



Synergies with broader distribution business



Leveraging R&D, marketing, and technology across business units



Technology development for a “global” business



With ~100,000 customers worldwide, opportunity to grow revenue per customer from approx. \$500 to \$1,500+ per month

Source: Henry Schein Estimates Market data as at Q4 2023.

# Technology & Value-Added Solutions

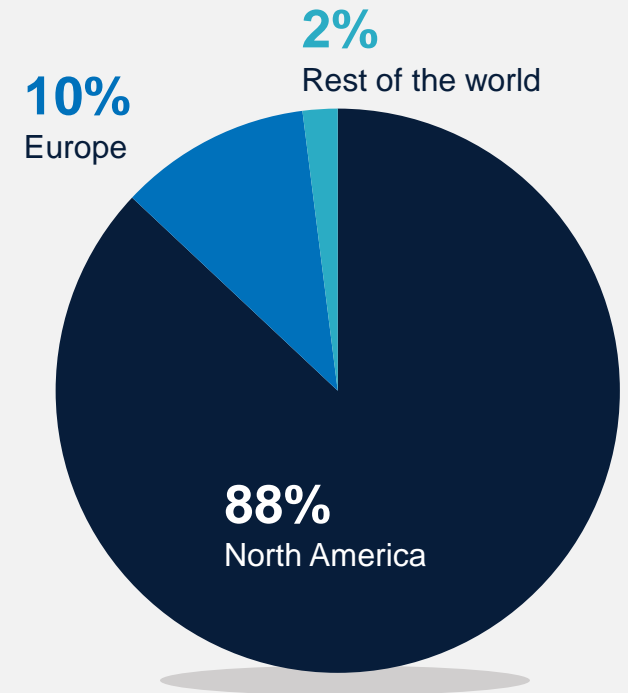
Key Acquisitions	Description	Revenue*
LPS (2023)	Large practice transitions brokerage	\$40M
Unitas (2023)	PPO insurance solutions	NA
eAssist (2021)	Adds Outsourced Virtual Dental Billing Platform	\$31M**
Jarvis (2021)	Expands Dental Analytics Solutions	\$2M
Dentally (2020)	Expands international software presence	\$2M
Elite Computer Italia (2019)	Establishes software presence in Italy	\$6M
Kopfwerk (2019)	Establishes software presence in Austria	\$2M
Lighthouse 360 (2019)	Expands patient communication software offering	\$50M

\* Last 12 months revenue as publicly disclosed at time of acquisition in USD.

\*\* Reflects 2020 sales.

## 2023 HENRY SCHEIN TECHNOLOGY AND VALUE-ADDED SOLUTIONS SALES BY GEOGRAPHY

\$806M or 7% of Net Sales



# Henry Schein One

#1 Dental Practice Management

12 Countries

2,000+ team members

Empowers dentists to focus on patient care and practice success

Technology

Patient Demand Generation



Patient Acquisition  
Digital Presence

Patient Experience



Patient Communication  
Scheduling

Creates a seamless patient experience

Practice Management Software



Charting  
Treatment Planning

Allows efficient office management

Revenue Cycle Management



Claims Processing  
Billing & Payments

Optimizes operations and profitability

Dental Analytics



Office Optimization  
Cash Management

Clinical Workflow



AI Imaging  
Digital Workflows

Enables world class imaging



SOC2 Compliant

SSL Encryption

Foundation of Security

Granular Rights Administration

Services

Self-serve and live training

AI-powered knowledge base

Data & Image Conversions

Dental Consulting

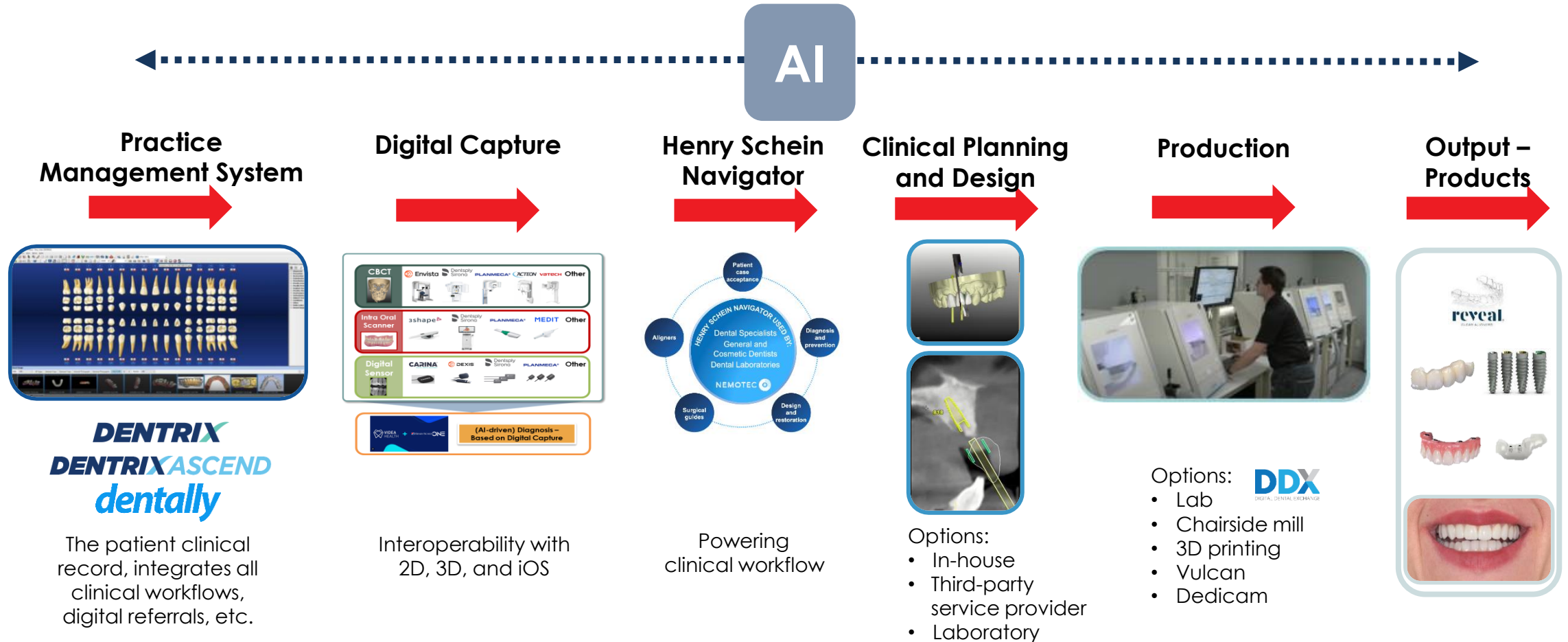
IT and Hardware Support

Best in class support



# The Henry Schein Integrated Clinical Workflow Platform

Better Patient Outcomes and Ease of Use of Innovative Specialty Products



**Providing a seamless open-architecture customer journey**

# Henry Schein One Solutions Opportunities

## Platforms – Practice Management Systems

Software Platform, Support,  
Virtual Business Services  
Office Spend Opportunity:  
**\$200-\$1000+/month**

## Analytics

Office Spend Opportunity:  
**\$200-\$600+/month**

## Revenue Cycle Management

Office Spend Opportunity:  
**\$120-\$500/month**

## Patient Engagement & Communication

Office Spend Opportunity:  
**\$200-\$500/month**

## New Patient Acquisition

Office Spend Opportunity:  
**\$200-\$2000+/month**

## Hardware, Networking, Protection and Success Services

Office Spend Opportunity:  
**\$1,000-\$1500+/month**

**Average revenue per account of ~\$500/month, provides significant revenue growth opportunity**

# Sustainability Action & Reporting



## Environmental

- **Submitted our science-based targets** to the Science-based Targets initiative (SBTi) with validation to be completed later in 2024
- **Refreshed Practice Green**, our global sales and marketing program for customers and suppliers to protect the planet for a healthier future, to focus on products, solutions and resources
- Training relevant team members with Company's **human rights and supply chain transparency course**



## Social

- Distilled our Team Schein Values into 3 major focus areas based on TSM feedback – **Community, Caring and Career**
- Provided opportunities for TSMs to come together to volunteer and give back to our communities including participation in our signature programs **We Care Global Challenge, Back to School, and Holiday Cheer**
- Continued focus on **wellness campaigns** that aim to reduce stress and burnout and provide TSMs with practical tips to be well
- **Expanded our Diversity and Inclusion Learning Journey** by cascading education to U.S. Managers and focusing on key topics like building an inclusive team
- Continued the expansion of **health care access initiatives** (e.g. S.M.I.L.E. Healthcare Pathway Program) to support underserved and underrepresented communities as well as the diversification of health care professionals



## Governance

- **Issued our 2023 Sustainability and Corporate Citizenship Report** in accordance with GRI, SASB, TCFD and GHG Protocol
- Conducted **limited assurance** of key ESG data for our 2023 annual Sustainability and Corporate Citizenship report
- **Completed our first Corporate Citizenship Barometer**, engaging stakeholders for input and feedback on perception of sustainability impact in order to improve awareness

# Financial Performance

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# Growth Since Going Public

## Non-GAAP<sup>1</sup>

(\$ in millions, except EBITDA and per share data)

	1995	2023	Compound Annual Growth Rate
Net Sales	\$584	\$12,339	11.5%
Operating Income <sup>1</sup>	\$18	\$890	14.9%
Operating Margin <sup>1</sup>	3.14%	7.21%	15 bps*
Net Income <sup>1</sup>	\$9	\$593	16.3%
Diluted EPS <sup>1</sup>	\$0.16	\$4.50	12.7%

<sup>1</sup> Excludes certain non-recurring items to provide a more comparable basis for analysis. See the appendix of this slide, set for a reconciliation of GAAP and non-GAAP measures.. \* Average annual increase.

# Annual Financial Performance

## Non-GAAP<sup>1</sup>

(\$ in millions, except EBITDA and per share data)

	2022	2023	Delta
Net Sales	\$12,647	\$12,339	-2.4%
Operating Income <sup>1</sup>	\$1,038	\$890	-14.2%
Operating Margin <sup>1</sup>	8.20%	7.21%	-99bps
Net Income <sup>1</sup>	\$741	\$593	-20.0%
Diluted EPS <sup>1</sup>	\$5.38	\$4.50	-16.4%

<sup>1</sup> Excludes certain non-recurring items to provide a more comparable basis for analysis. See the appendix of this slide. set for a reconciliation of GAAP and non-GAAP measures.



# Diversified Sales in Complementary Markets

2023 Worldwide Sales: \$12.3 Billion

## BY PRODUCT

**61% or \$7.5B**

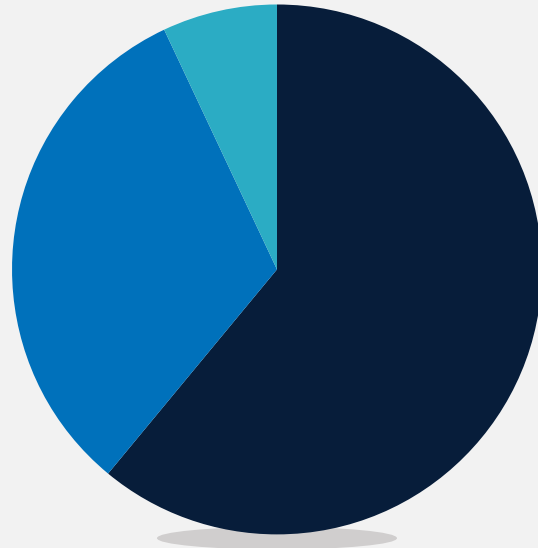
Dental

**32% or \$4.0B**

Medical

**7% or \$806M**

Tech/VAS



## BY GEOGRAPHY

**74%**

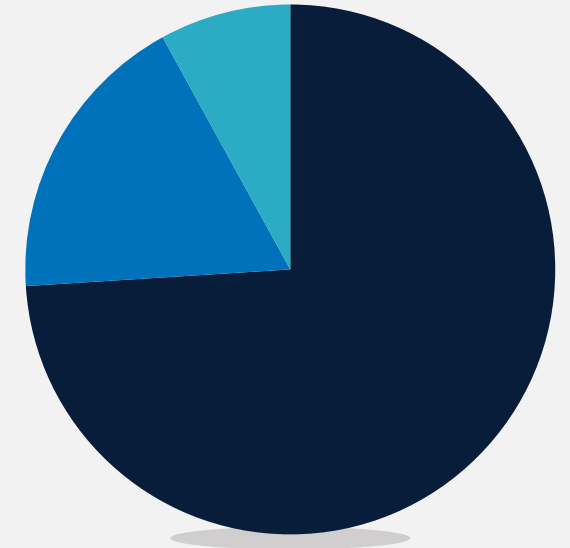
North America

**18%**

Europe

**8%**

Rest of The World



# Operating Income and Margin Highlights

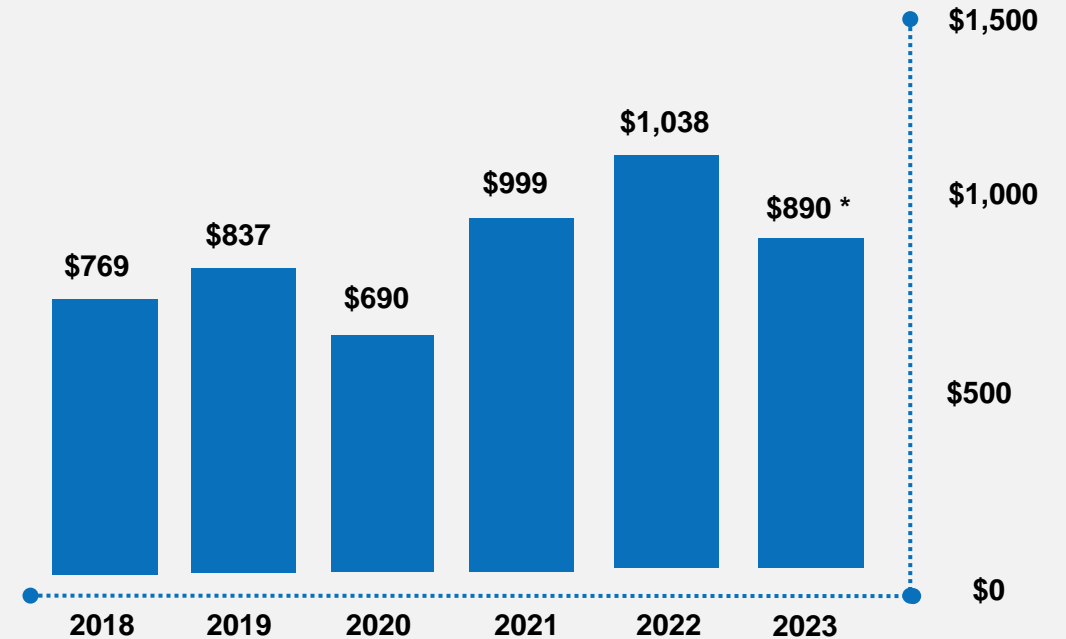
**Long Term Financial Goal:**  
Continued operating margin expansion

Result:

Operating Margin Growth

	1995	2023
Operating Margin	3.1% <sup>(1)</sup>	7.2% <sup>(1)</sup>

**NON-GAAP OPERATING INCOME<sup>1</sup>**  
(\$ IN MILLIONS)



**5-year Op. Inc. CAGR +3.0%**

\* includes estimated \$120 – 130 million impact in 2023 from cybersecurity incident

<sup>1</sup> From Continuing Operations. Excludes animal health in 1995. Excluding certain non-recurring items to provide a more comparable basis for analysis. See the appendix of this slide set for a reconciliation of GAAP and non-GAAP measures. Adjusted for amortization expense on acquired intangible assets.

# Earnings Highlights

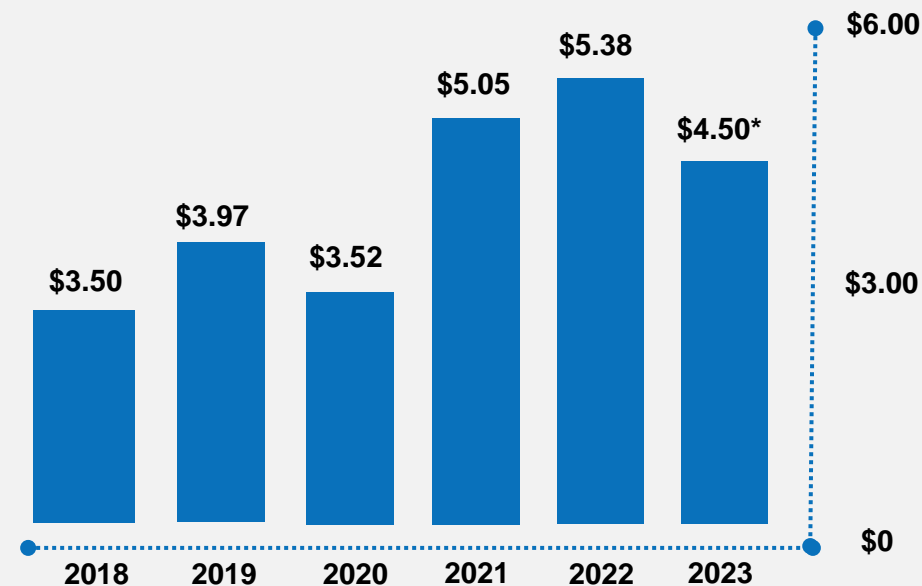
## Long Term Financial Goal: Continued year-over-year EPS growth

Result:

Earnings Growth

	1995	2023	
Diluted EPS <sup>1</sup>	\$0.16	\$4.50*	(CAGR of 12.7%*) Split Adjusted

## NON-GAAP EARNINGS PER DILUTED SHARE <sup>1</sup> (\$ IN MILLIONS)



**5-year EPS CAGR +5.2%\***

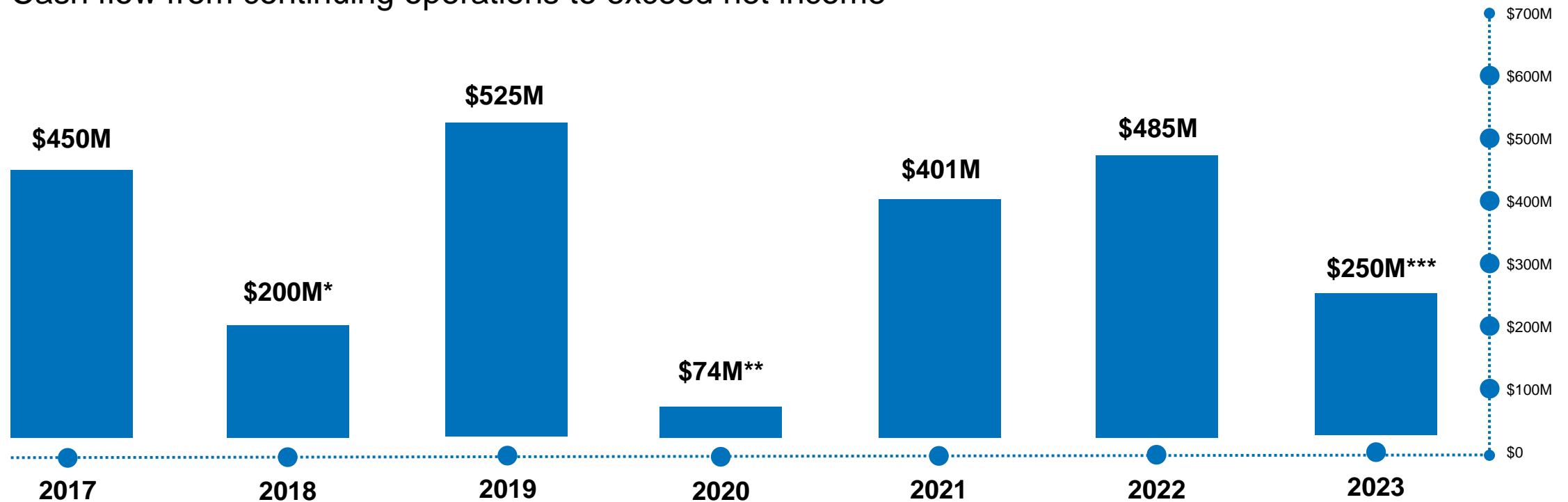
\* includes estimated \$0.70 - \$0.75 impact in 2023 from cybersecurity incident

<sup>1</sup> From Continuing Operations. Excludes animal health in 1995. Excluding certain non-recurring items to provide a more comparable basis for analysis. See the appendix of this slide set for a reconciliation of GAAP and non-GAAP measures. Adjusted for amortization expense on acquired intangible assets.

# Cash Return to Shareholders

## Long Term Financial Goal:

Cash flow from continuing operations to exceed net income

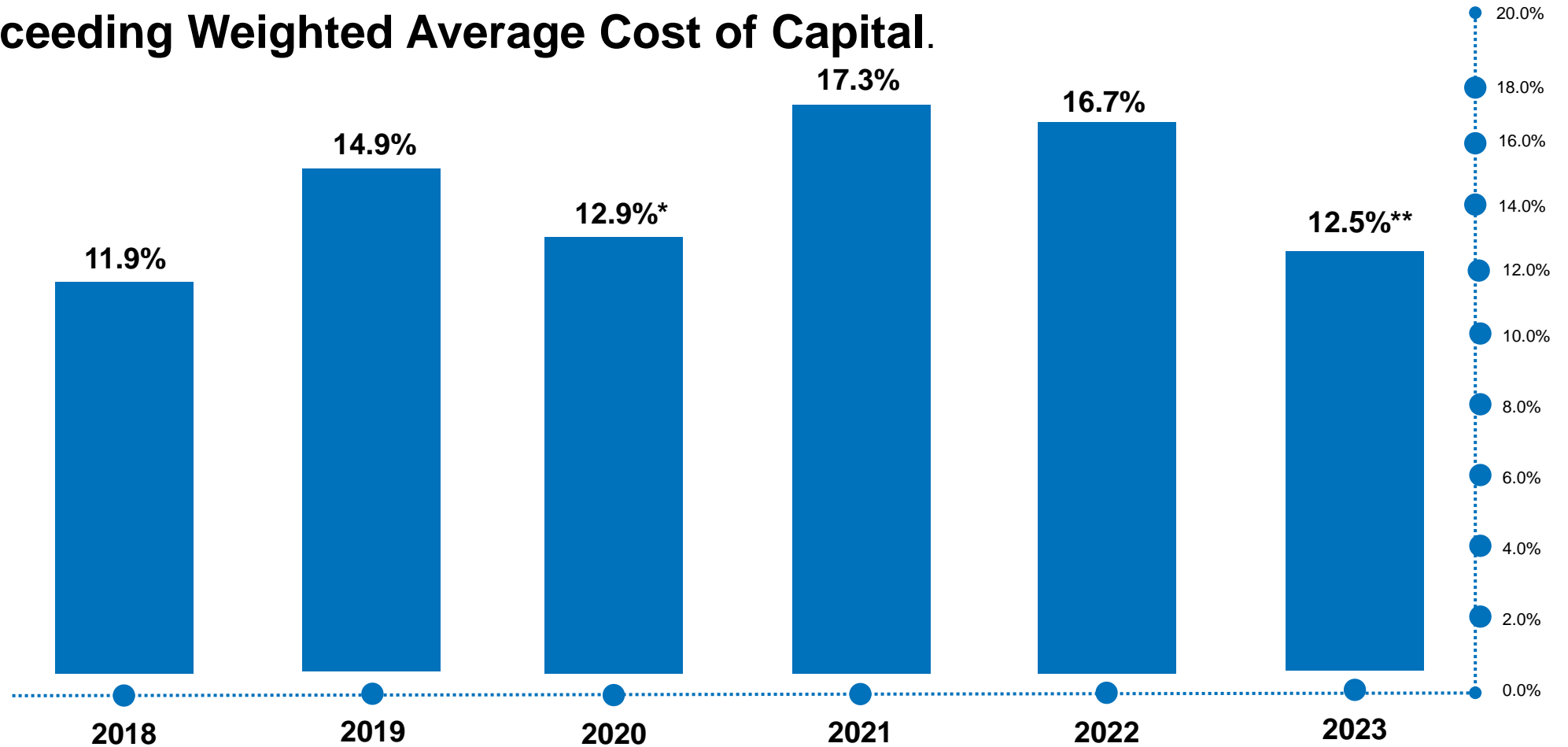


\* Blackout in part of 2018 due to spin-off of animal health business. \*\* Impacted by COVID-19.\*\*\* Impacted by cybersecurity incident.

# Return on Invested Capital (ROIC)

Long Term Financial Goal:

ROIC exceeding Weighted Average Cost of Capital.



\* Impacted by COVID-19. \*\* Impacted by cybersecurity incident.

# Balanced Capital Allocation Strategy

## Disciplined Approach to Balance Sheet Management

**\$500M**

of annual operating cash flow in 2023<sup>2</sup>

**2.3x**

Debt<sup>1</sup>/Adjusted EBITDA ratio as of Dec 30, 2023

Maintain investment grade balance sheet

**~\$2.4B**

Available borrowing capacity

### Capital Allocation Priorities

- Drive organic growth and expand operating margins
  - Focus on operational efficiency and digital commerce
- Invest in focused M&A opportunities
- Return excess capital through stock repurchases

M&A

**\$300M - \$400M**

Average per year (higher in the short term as we execute our strategic plan)

Return of Capital

**\$300M - \$400M**

Average per year

Capital Expenditure

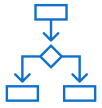
**\$100M**

Average per year



# Disciplined M&A Approach

## Active pipeline of transactions



- M&A characterized by bolt-on transactions, typically with privately held companies
- Opportunistic regarding structure and timing
- Operational synergies
- Generally, require financial consolidation

## Focused M&A strategy



Focused on accelerating our 2022-2024 Strategic Plan, with concentration on:

- Expanding complementary high-growth software, specialty and services businesses
- Investing for growth in core distribution business

## Resulting in value creation



Pursue financially compelling opportunities:

- Non-GAAP accretion after year 1
- ROI exceeding weighted average cost of capital by year 2-3

**Clear strategic and financial framework to deliver long-term value creation**

# Examples of some key M&A transactions

		Year Acquired	Annual Revenue at Acquisition	2023 Revenue	2023 Operating Margin %*
BioHorizons		2013	~\$115m	~\$300M	>20%
Dental Cremer		2016	~\$145m	~\$225M	~10%
Edge Endo		2017	~\$15m	~\$60M	>20%
NAR		2019	~\$185m	~\$200M	~10%
eAssist		2021	~\$30m	~\$100M	~10%

Scaled high-growth, high-margin businesses across Value-added Services, Dental Specialties and Dental & Medical distribution

\* Measured in GAAP.

# Investment Merits

- Clear strategic plan to **create operating efficiencies and exceptional customer experience** while increasing growth in faster growing segments of the business
- Proven track record of transformation and **long-term, sustainable earnings growth**
- Leading positions in **attractive markets**
- **Scaled platform of highly complementary** products, services and technologies drives value by providing practitioners with comprehensive suite of solutions that create efficiencies and better patient outcomes
- Opportunities to leverage our existing customer base and gain **additional share of wallet**
- Deep and **experienced management team** supported by a highly **motivated Team Schein**



## **BOLD+1 Strategic Plan**

Accelerating growth and realizing long-term sustainable high single-digit / low double-digit earnings growth, including through strategic acquisitions

# Appendix

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# GAAP to non-GAAP Reconciliation

## Growth Since Going Public

Full Year Growth Since Going Public  
(in millions, except per share data)

	Reconciling Items																	
	GAAP			Special Management		Restructuring and Integration Costs		Acquisition Intangible Amortization		Cybersecurity Incident-Professional Fees and		Impairment of Capitalized Assets		Impairment of Intangible Assets		Non-GAAP		
	1995	2023	CAGR	1995	2023	1995	2023	1995	2023	1995	2023	1995	2023	1995	2023	1995	2023	CAGR
Net Sales	\$ 584	\$ 12,339	11.5%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 584	\$ 12,339	11.5%
Operating Income	\$ (3)	\$ 615	n/a (1)	\$ 21	\$ -	\$ -	\$ 80	\$ -	\$ 151	\$ -	\$ 11	\$ -	\$ 27	\$ -	\$ 7	\$ 18	\$ 890	14.9%
Operating Margin	-0.43%	4.98%	541 bps													3.14%	7.21%	15 bps*
Net Income	\$ (11)	\$ 416	n/a (1)	\$ 20	\$ -	\$ -	\$ 53	\$ -	\$ 92	\$ -	\$ 8	\$ -	\$ 19	\$ -	\$ 5	\$ 9	\$ 593	16.3%
Diluted EPS	\$ (0.21)	\$ 3.16	n/a (1)	\$ 0.37	\$ -	\$ -	\$ 0.40	\$ -	\$ 0.70	\$ -	\$ 0.06	\$ -	\$ 0.15	\$ -	\$ 0.04	\$ 0.16	\$ 4.50	12.7%

\* Average annual increase

(1) In 1995, Operating Income, Net Income and Diluted EPS were negative, and CAGR amounts cannot be calculated. Using 1996 as a base year the CAGR for Operating Income, Net Income and Diluted EPS was 15.08%, 17.15%, and 14.23%, respectively. For 1996, there were no reconciling items on a GAAP to Non-GAAP basis.

Note: Amounts may not sum due to rounding.

# GAAP to non-GAAP Reconciliation

## Annual Financial Performance

Full Year 2023 Financial Highlights  
(in millions, except per share data)

	GAAP			Reconciling Items												Non-GAAP		
	2022	2023	Growth	Restructuring and Integration Costs		Acquisition Intangible Amortization		Cybersecurity Incident- Professional Fees and Other		Impairment of Capitalized Assets		Impairment of Intangible Assets		Total Reconciling Items		2022	2023	Growth
				2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023			
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.



# GAAP to non-GAAP Reconciliation

## Net Income and Earnings per Share

Full Year Earnings Highlights  
From Continuing Operations  
(in millions, except per share data)

	GAAP EPS					
	2018	2019	2020	2021	2022	2023
GAAP Earnings per share	\$ 2.80	\$ 4.69	\$ 2.81	\$ 4.45	\$ 3.91	\$ 3.16
GAAP EPS Growth %					-12%	-19%
GAAP EPS CAGR						2%

	2018	2019	2020	2021	2022	2023
Restructuring and integration costs	\$ 0.26	\$ 0.07	\$ 0.17	\$ 0.03	\$ 0.74	\$ 0.40
Acquisition Intangible Amortization	0.34	0.46	0.48	0.54	0.57	0.70
Litigation Settlements	0.19	-	-	0.08	-	-
Gain on Sale of Equity Investment	-	(1.25)	-	-	-	-
Transitional Tax on Repatriated Foreign Earnings	(0.07)	-	-	-	-	-
Cyber Incident-Insurance Proceeds, Net of Third-Party Advisory Expenses	-	-	-	-	-	0.06
Tax credit realted to Animal-Health spin-off	-	(0.01)	-	-	-	-
One-time tax on reorganization related to HS One	0.03	-	-	-	-	-
International Legal Entity Reorganization	(0.07)	-	-	-	-	-
One-Time Tax Charge Related to the Animal Health Spin-Off	0.02	-	-	-	-	-
Impairment of Intangible Assets	-	-	0.08	-	0.16	0.04
Impairment of Capitalized Assets	-	-	-	-	-	0.15
Change in Contingent Consideration	-	-	-	-	-	-
Net Gain on Sale of Investments	-	-	(0.01)	(0.05)	-	-

	Non-GAAP					
	2018	2019	2020	2021	2022	2023
Non-GAAP EPS	3.50	3.97	\$ 3.52	\$ 5.05	\$ 5.38	4.50
Non-GAAP EPS Growth %					7%	-16.4%
Non-GAAP EPS CAGR						5.2%

	GAAP Net Income					
	2018	2019	2020	2021	2022	2023
GAAP Net Income	\$ 431	\$ 701	\$ 403	\$ 631	\$ 538	\$ 416

	2018	2019	2020	2021	2022	2023
Restructuring and integration costs	\$ 40	\$ 11	\$ 24	\$ 5	\$ 103	\$ 53
Acquisition Intangible Amortization	53	69	69	76	78	92
Litigation Settlements	29	-	-	11	-	-
Gain on Sale of Equity Investment	-	(187)	-	-	-	-
Transitional Tax on Repatriated Foreign Earnings	(10)	-	-	-	-	-
Cyber Incident-Insurance Proceeds, Net of Third-Party Advisory Expenses	-	-	-	-	-	8
Tax credit realted to Animal-Health spin-off	-	(1)	-	-	-	-
One-time tax on reorganization related to HS One	4	-	-	-	-	-
International Legal Entity Reorganization	(11)	-	-	-	-	-
One-Time Tax Charge Related to the Animal Health Spin-Off	3	-	-	-	-	-
Impairment of Intangible Assets	-	-	11	0	23	5
Impairment of Capitalized Assets	-	-	-	-	-	19
Change in Contingent Consideration	-	-	-	-	-	-
Net Gain on Sale of Investments	-	-	(2)	(7)	-	-

	Non-GAAP					
	2018	2019	2020	2021	2022	2023
Non-GAAP Net Income	\$ 538	\$ 592	\$ 505	\$ 716	\$ 741	\$ 593

# GAAP to non-GAAP Reconciliation

## Operating Income

**Full Year Operating Income and Margin Highlights**  
**From Continuing Operations**  
(in millions, except per share data)

	GAAP							Reconciling Items					Non-GAAP							
	2018	2019	2020	2021	2022	2023	Q4 2023	2018	2019	2020	2021	2022	2023	2018	2019	2020	2021	2022	2023	
Net Sales	\$ 9,418	\$ 9,986	\$ 10,119	\$ 12,401	\$ 12,647	\$ 12,339	\$ 3,017							\$ 9,418	\$ 9,986	\$ 10,119	\$ 12,401	\$ 12,647	\$ 12,339	
Operating Income	\$ 601	\$ 718	\$ 535	\$ 852	\$ 747	\$ 615	\$ 39	\$ 168	\$ 119	\$ 154	\$ 147	\$ 290	\$ 275	\$ 769	\$ 837	\$ 690	\$ 999	\$ 1,038	\$ 890	
Operating Margin	6.38%	7.19%	5.29%	6.87%	5.91%	4.98%	1.28%							8.16%	8.38%	6.82%	8.06%	8.20%	7.21%	
Operating Income Growth %						-18%														-14%
Operating Margin %						4.98%														7.21%
CAGR						0.47%														2.98%

Notes: Amounts may not sum due to rounding.

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

# Adjusted EBITDA Reconciliation

	<u>Full Year</u>	
	<u>2023</u>	<u>2022</u>
<b>Net income attributable to Henry Schein, Inc. (GAAP)</b>	<b>\$ 416</b>	<b>\$ 538</b>
Income (loss) attributable to noncontrolling interests	<u>20</u>	<u>28</u>
<b>Net income (GAAP)</b>	<b>436</b>	<b>566</b>
Definitional adjustments:		
Interest income	(17)	(8)
Interest expense	87	35
Income taxes	120	170
Depreciation and amortization	248	212
Non-GAAP adjustments:		
Restructuring and integration costs	80	131
Cybersecurity incident-professional and other fees	11	-
Impairment of capitalized assets	27	-
Impairment of intangible assets	7	34
Other adjustments:		
Equity in earnings of affiliates, net of tax	<u>(14)</u>	<u>(15)</u>
<b>Adjusted EBITDA (non-GAAP)</b>	<b><u>\$ 984</u></b>	<b><u>\$ 1,125</u></b>

Note: amounts may not sum due to rounding