



## **CECP Investor Forum**

Stanley Bergman  
Chairman of the Board and CEO, Henry Schein, Inc.

**February 24, 2020**

# Safe Harbor Provision

## 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 full discussion of our operations and financial condition, 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, 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: effects of a highly competitive and consolidating market; increased competition by third party online commerce sites; our dependence on third parties for the manufacture and supply of our products; our dependence upon sales personnel, customers, suppliers and manufacturers; our dependence on our senior management; fluctuations in quarterly earnings; 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 macro-economic conditions; risks associated with currency fluctuations; risks associated with political and economic uncertainty; disruptions in financial markets; volatility of the market price of our common stock; changes in the health care industry; implementation of health care laws; failure to comply with regulatory requirements and data privacy laws; risks associated with our global operations; risks associated with the Novel Coronavirus Disease 2019 (COVID-19); risks associated with the United Kingdom's withdrawal from the European Union; 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; litigation risks; new or unanticipated litigation developments and the status of litigation matters; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence on third parties for certain technologically advanced components; risks from disruption to our information systems; cyberattacks or other privacy or data security breaches; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation. 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.

Included within the press release 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 this 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.

# Henry Schein – At a Glance

## Largest Distributor of Health Care Products and Services to Office-based Dental and Medical Practitioners

SERVING MORE THAN

**1 MILLION**

CUSTOMERS

2019 GLOBAL  
NET SALES

**\$10.0**

BILLION

**19,000+**

TEAM SCHEIN  
MEMBERS

FORTUNE 500

**15**

YEARS

S&P 500

**4**

YEARS

**FORTUNE**  
WORLD'S MOST  
ADMIRED  
COMPANIES<sup>®</sup> 2020  
#1 HEALTH CARE WHOLESALER

**19** YEARS

2019 WORLD'S MOST  
**ETHICAL**  
COMPANIES<sup>™</sup>  
WWW.ETHISPHERE.COM

**8** YEARS

**CORPORATE  
EQUALITY INDEX**

BEST PLACE TO WORK  
FOR LGBTQ EQUALITY

**100% – 5** YEARS

**FORBES**

AMERICA'S BEST  
EMPLOYERS LIST

**4** YEARS

**2018**

HIGHER AMBITION  
COMPANY OF THE YEAR

**2018**

FORTUNE CHANGE  
THEWORLD LIST

# Leading Market Positions & Consistent Growth

**#1 Global dental products and technology provider**

**#2 Physicians and alternate care distributor in the U.S.**

## Consistent Growth

Track record of solid, long-term CAGR growth

**13%**

CAGR  
SALES

**14%**

CAGR  
Non-GAAP  
EPS\*

**16%**

CAGR  
MARKET CAP  
GROWTH



From continuing operations. CAGRs from 1995 to 2019.

\*See the appendix of this slide set for a reconciliation of GAAP to non-GAAP measures.



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



EDUCATION

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.



SERVICE & SUPPORT



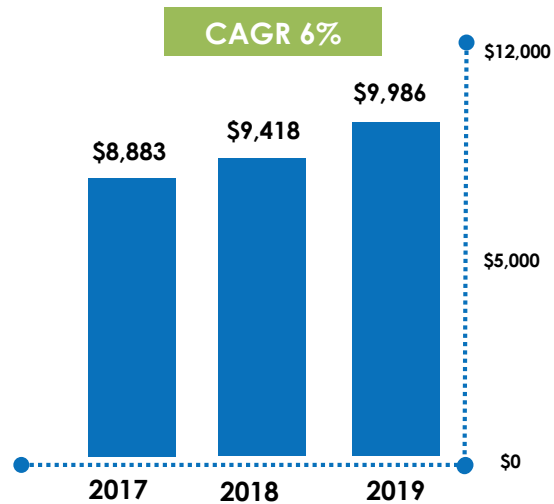
SOFTWARE & INNOVATION



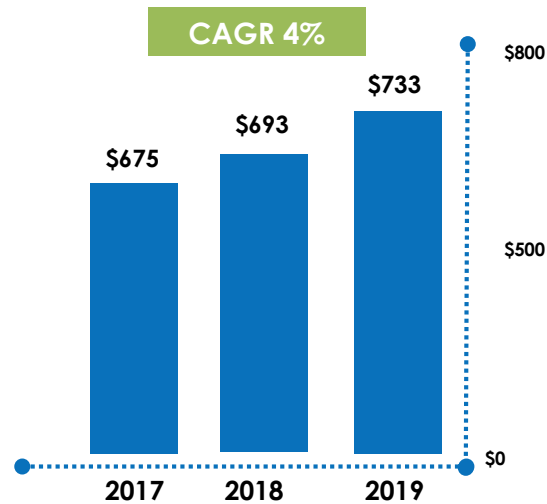
RELATIONSHIPS

# Financial Highlights

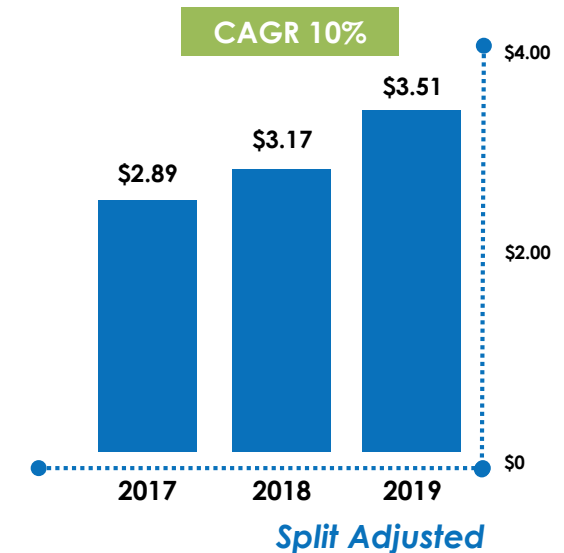
## NET SALES (\$ in Millions)



## NON-GAAP OPERATING INCOME\* (\$ in Millions)



## NON-GAAP EARNINGS PER DILUTED SHARE\*



Mid-single to low-double digit CAGR growth in key financial metrics: sales, non-GAAP operating income and non-GAAP EPS



# Global Megatrends

## Digital Disruption



## Customer Consolidation



## Aging Population and Growing Middle Class



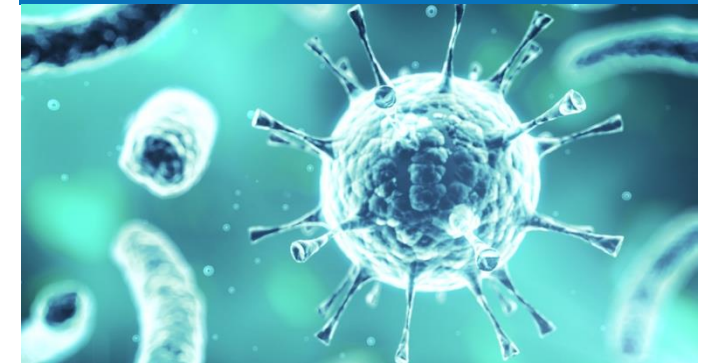
## Increasing Appreciation of Wellness & Prevention



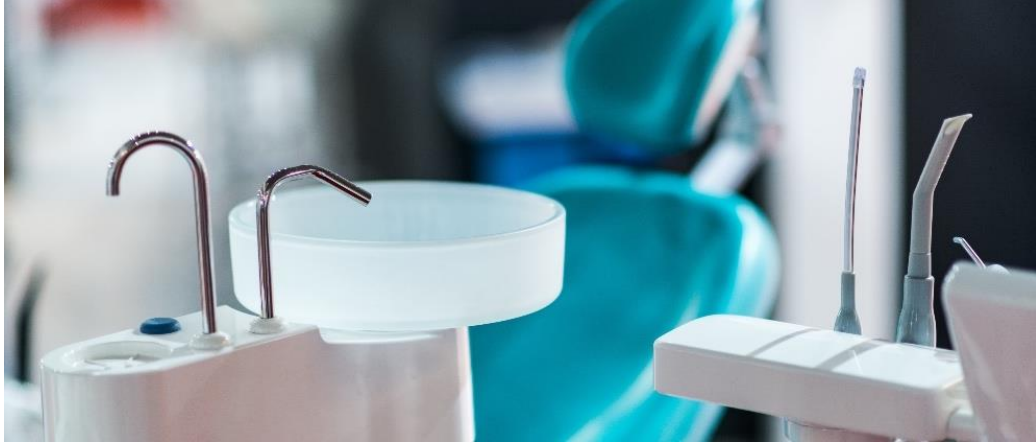
## Demographics



## Diseases Don't Have Passports



# Dental & Medical Growth Opportunities



- Increase customer penetration organically and through acquisition
- Geographic expansion
- Continued focus on large accounts, health systems and surgery centers
- Advancing technology solutions, centered on software
- Digitalization of dentistry, including prosthetics
- Focus on specialty segments and solutions



# Corporate Strengths Driving our Sustainability Efforts and Strategic Plan

## STRATEGIC PLAN PILLARS

**Expand our Core Business**

**Value-Added Solutions and Support**

**Enhancing our Brand Equity**

Based on our deep understanding of the needs of health professionals, we deliver a platform of valuable solutions, powered by a network of people and technology.

## SUSTAINABILITY EFFORTS

**Strengthening Access to Care**

**Enhancing Healthcare System Sustainability**

**Engaging Stakeholders to Create Purpose-Driven Value**



## “The What?”

DOING WELL  
*by*  
DOING GOOD

HIGHER  
AMBITION



# “The How?”

Our “Higher Ambition” belief is that we marry our company’s sense of purpose and commitment to our values as an important vehicle to drive our long-term economic success while also making a positive difference in the world.



1989

Establishment of Henry Schein's concept of the *Mosaic of Success*

2018

Larry Fink's 1st Letter to CEOs on Purpose

2019

BR Business Roundtable

2020

WORLD  
ECONOMIC  
FORUM

Davos Manifesto  
2020



# “The Why?”

T R U S T



**Brand Value**



**Consumer  
Loyalty**



**Ethical  
Behavior**

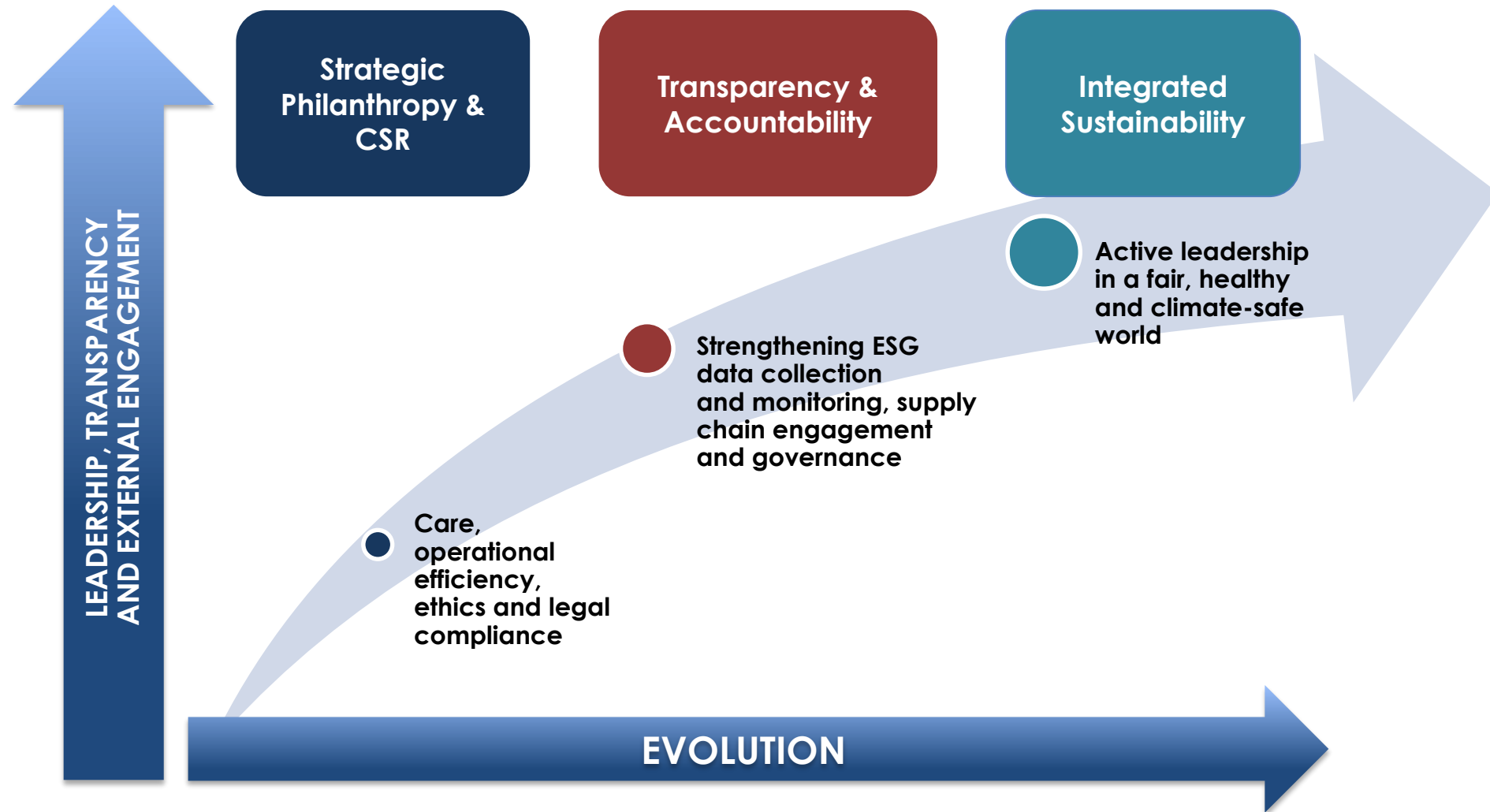


**Employee  
Retention**



**Sustainability**

# ESG Journey



# ESG JOURNEY

- For nearly 20 years, our corporate social responsibility program, Henry Schein Cares, has served millions of individuals around the world
- Over the past decade, we have continued to deepen our commitment as a Higher Ambition Company and the development of our ESG Strategy
- More recently, we began our formal ESG journey, where we conducted a data gap analysis last year and benchmarked against the Global Reporting Initiative with an eye toward SASB metrics, too. And are pleased that we have made meaningful progress thus far
- Our ESG work has Board oversight, which was adopted by our Board in December 2019
- We have established a strategy to strengthen our transparency, data collection and monitoring
- In the coming years, we plan to build goals and targets on our work that align with our business strategy



# Sustainability Program – A Commitment to Environmental Progress

## CURRENT



**75% less emissions** Due to our enhanced UPS mostly ground transport network vs. traditional network. Equivalent to removing **> 17,500 passenger vehicles from the roads for a year**



**>11,100 tons of waste material recycled** by our North American DCs (2018)



**Recycling has reduced carbon emissions by 6,500 metric tons** (2018). Equivalent to removing **>4,700 cars from our roadways**



## FUTURE

- **Measurement**
- **Mitigation**
- **Evaluation of Carbon Neutrality**

# Supply Chain Innovation & Leadership

## Leadership in Fostering Collaboration/Prepositioning of Products

To ensure swift and effective response

## Team Schein Engagement

Rolling up our sleeves to respond to disasters in our communities

## Customer Care

Helping healthcare practitioners rebuild after natural disasters through Road to Recovery Summits

## Responding to Humanitarian Crises

UN Global Humanitarian Action Executive Alliance

## Pandemic Supply Chain Network (PSCN)

Facilitating critical collaboration among partners to support effective response

# Sustainability Program – A Commitment to Social Progress

## CURRENT

In 2018, TSMs completed  
**563,800 training hours**

**Celebrated 1-year anniversary**  
of the Women's Leadership  
Network, our first ERG, in 2018

**Almost 12,000 volunteer hours**  
donated by TSMs in 2018 for  
Company-supported initiatives  
around the world

**Nearly \$12.5 million in cash and  
in-kind donations** provided in 2018  
through Henry Schein Cares and the  
Henry Schein Cares Foundation, Inc.



## FUTURE

- **Expand Employee Resource Groups (ERGs) and Launch Diversity Council**
- **Continued Diversity and Inclusion Transparency and Training**
- **Continued Progress in Occupational Healthy and Safety Systems and Processes**



# Engaging as a Global Corporate Citizen

Henry Schein's commitment to "Doing Well by Doing Good" began with our founding in 1932.

## Commitment to Social Responsibility



## Partnership with the Health Care Profession



## Engagement in Global Health Leadership



## Commitment to Diversity and Inclusion



# Flagship Programs, Partnerships, and Initiatives



**Special  
Olympics**



**Henry Schein  
Cares Health Kit  
Outreach  
Program**

**WE CARE  
GLOBAL  
CHALLENGE**



# Catalyzing Global Health Coordination: Novel Coronavirus Response

**Complex Global Health Challenge:** Major infectious disease outbreaks anywhere in the world threaten us all.

**Innovative Solution:** Henry Schein co-founded the **Pandemic Supply Chain Network (PSCN)**, a public-private partnership established in 2015 to save lives by strengthening supply, logistics & communications capabilities and addressing supply chain risks to help the world better prepare for and respond to pandemics and epidemics.

**Henry Schein serves as the private sector lead for the PSCN together with WHO and the World Economic Forum:** Leveraging Henry Schein's expertise and deep relationships with our supplier partners, we serve as the main liaison between 40+ members of the private sector with 10 multi-lateral organizations in helping to advance the work of the PSCN.





# Sustainability Program – A Commitment to Governance Progress

## CURRENT

Operating at  
high ethical standards

Committed to transparency  
on our ESG performance

Developing our governance  
system for the oversight and  
management of ESG issues  
that matter to our business  
and our stakeholders



## FUTURE

- Board oversight through Nominating and Governance Committee
- Continued transparency and accountability

# Henry Schein Board of Directors



## *Front row, left to right*

**E. Dianne Rekow, DDS, Ph.D.** Former Dean of the Dental Institute at King's College London and Professor of Orthodontics; Former Professor of Orthodontics, Senior Vice Provost of Engineering Technology and Provost of Polytechnic Institute at New York University

**Shira Goodman** Former Chief Executive Officer, Staples, Inc.

**Barry J. Alperin** Retired Vice Chairman, Hasbro, Inc.

**Anne H. Margulies** Vice President and Chief Information Officer, Harvard University

**Stanley M. Bergman** Chairman of the Board and Chief Executive Officer

**Joseph L. Herring** Former Chief Executive Officer Covance, Inc.

**Carol Raphael** Senior Advisor for Manatt Health Solutions; and Former President and Chief Executive Officer, Visiting Nurse Service of New York

**James P. Breslawski** Vice Chairman of the Board and President

## *Back row, left to right*

**Bradley T. Sheares, Ph.D.** Former Chief Executive Officer, Reliant Pharmaceuticals; and Former President of U.S. Human Health for Merck & Co.

**Philip A. Laskawy** Lead Director, Henry Schein, Inc.; and Retired Chairman, Ernst & Young, LLP

**Gerald A. Benjamin** Executive Vice President, Chief Administrative Officer

**Steven Paladino** Executive Vice President, Chief Financial Officer

**Kurt P. Kuehn** Former Chief Financial Officer of United Parcel Service, Inc.

**Paul Brons** Former President of Organon International BV

**Mark E. Mlotek** Executive Vice President, Chief Strategic Officer



# Long-Term Financial Goals

## Sales

- Grow 1% to 2% faster than end-market growth rates (organic)

## Non-GAAP EPS

- Mid- to high single-digit diluted EPS growth, including share repurchases and acquisition contribution

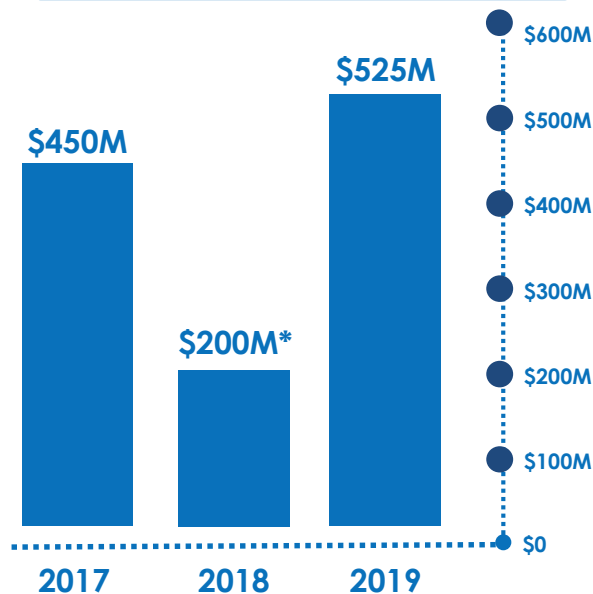
## Cash Flow

- Cash flow from operations to exceed net income

# Capital Allocation Strategy

Primarily allocate annual free cash flow to a combination of:

## SHARE REPURCHASES



\*Blackout in early part of 2018 due to spin-off of animal health business

## M&A

### Strategy:

- Geographic Expansion
- Fold-in Acquisitions
- Access to a Key Product or Service
- **Successfully integrated over 250 acquisitions since IPO in 1995**

## ORGANIC INVESTMENT

- **Enhancing products, technologies and solutions to support core businesses**
- **Focused investment in Team Schein**



# ESG and Our Long-Term Success

- **Building an ESG platform aligned with the needs of our key constituents**
- **Multiple organic and strategic growth opportunities**
- **Proven financial track record**
- **Experienced management team and robust talent bench**





**THANK YOU!**

# APPENDIX

# GAAP & Non-GAAP Reconciliations

## Growth Since Going Public

Henry Schein, Inc.															
Fourth Quarter 2019 Analyst Presentation															
Growth Since Going Public															
From Continuing Operations															
(in millions, except per share data)															
Reconciling Items															
	GAAP Basis				Special Management Compensation Costs		Restructuring Costs		Tax Credit Related to Animal Health Spin-Off		Net Gain on Sale of Investments		Non-GAAP		
	1995	2019	CAGR		1995	2019	1995	2019	1995	2019	1995	2019	1995	2019	CAGR
Net Sales	\$ 583.6	\$ 9,985.8	12.56%		\$ -	\$ -	\$ -	\$ -					\$ 583.6	\$ 9,985.8	12.6%
Operating Income	\$ (2.5)	\$ 718.3	225%		\$ 20.8	\$ -		\$ 14.7					\$ 18.3	\$ 733.0	16.6%
Operating Margin	-0.43%	7.19%	762 bp										3.13%	7.34%	421 bp
Net Income	\$ (11.0)	\$ 700.7	218%		\$ 19.6	\$ -		\$ 11.0		\$ (1.3)		\$ (186.8)	\$ 8.6	\$ 523.6	18.7%
Diluted EPS	\$ (0.21)	\$ 4.69	213%		\$ 0.37	\$ -		\$ 0.07		\$ (0.01)		\$ (1.25)	\$ 0.16	\$ 3.51	13.7%



# GAAP & Non-GAAP Reconciliations

## Operating Income

Henry Schein, Inc.											
Fourth Quarter 2019 Analyst Presentation											
Operating Income and Margin Highlights											
From Continuing Operations											
(in millions, except per share data)											
	GAAP			Reconciling Items				Non-GAAP			
	2017	2018	2019	2017	2018	2019		2017	2018	2019	
Net Sales	\$ 8,883.4	\$ 9,417.6	\$ 9,985.8				Net Sales	\$ 8,883.4	\$ 9,417.6	\$ 9,985.8	
Operating Income	\$ 669.8	\$ 600.6	\$ 718.3	\$ 5.3	\$ 92.9	\$ 14.7	Operating Income	\$ 675.1	\$ 693.5	\$ 733.0	
Operating Margin	7.54%	6.38%	7.19%				Operating Margin	7.60%	7.36%	7.34%	
Operating Income Growth %			20%				Operating Income Growth %			6%	
Operating Margin %			7.19%				Operating Margin %			7.34%	
CAGR			3.56%				CAGR			4.20%	

# GAAP & Non-GAAP Reconciliations

## Earnings Highlights

Henry Schein, Inc.									
Fourth Quarter 2019 Analyst Presentation									
Earnings Highlights									
From Continuing Operations									
(in millions, except per share data)									
GAAP EPS					GAAP Net Income				
	2017	2018	2019			2017	2018	2019	
GAAP Earnings per share	\$ 1.85	\$ 2.80	\$ 4.69		GAAP Net Income	\$ 293.2	\$ 430.7	\$ 700.7	
GAAP EPS Growth %		51%	68%						
GAAP EPS CAGR			51%						
	2017	2018	2019			2017	2018	2019	
Restructuring costs (credits)	\$ -	\$ 0.27	\$ 0.07		Restructuring costs (credits)		\$ 40.8	\$ 11.0	
Litigation Settlement	\$ 0.02	\$ 0.19			Litigation Settlement	\$ 3.2	\$ 28.9		
Loss on Sale of Equity Investment	\$ 0.11				Loss on Sale of Equity Investment	\$ 17.6			
Transitional Tax on Repatriated Foreign Earnings	\$ 0.88	\$ (0.07)			Transitional Tax on Repatriated Foreign Earnings	\$ 140.0	\$ (10.0)		
Deferred Taxes Associated with U.S. Tax Reform Legislation	\$ 0.02				Deferred Taxes Associated with U.S. Tax Reform Legislation	\$ 3.0			
One-time tax on reorganization related to HS One		\$ 0.03			One-time tax on reorganization related to HS One		\$ 3.9		
International Legal Entity Reorganization		\$ (0.07)			International Legal Entity Reorganization		\$ (10.6)		
One-Time Tax Charge Related to the Animal Health Spin-Off		\$ 0.02			One-Time Tax Charge Related to the Animal Health Spin-Off		\$ 3.1		
Tax Credit Related to Animal Health Spin-Off			\$ (0.01)		Tax Credit Related to Animal Health Spin-Off			\$ (1.3)	
Net Gain on Sale of Investments			\$ (1.25)		Net Gain on Sale of Investments			\$ (186.8)	
Non-GAAP EPS					Non-GAAP Net Income				
	2017	2018	2019			2017	2018	2019	
Non-GAAP EPS	\$ 2.89	\$ 3.17	\$ 3.51		Non-GAAP Net Income	\$ 457.0	\$ 486.8	\$ 523.6	
Non-GAAP EPS Growth %		10%	11%						
Non-GAAP EPS CAGR			10%						