

## Henry Schein, Inc. Announces Record Fourth Quarter And Annual Results

March 2, 1998

**- Reports 27% Quarterly Net Income Growth -**

**- Annual Sales Exceed \$1.5 Billion -**

MELVILLE, N.Y., March 2 /PRNewswire/ -- Henry Schein, Inc. (Nasdaq: HSIC) today announced financial results for the fourth quarter and full year ended December 27, 1997, compared to restated results for 1996.

For the three months ended December 27, 1997, net sales increased 18% to \$410 million from \$349 million for the fourth quarter last year. Excluding merger and integration costs and including pro forma adjustments, net income rose 27% to \$14.9 million as compared to \$11.8 million for the same quarter last year. The Company reported diluted earnings per share, after adjustments, of \$0.40 versus \$0.34 in the 1996 fourth quarter, an 18% growth. Average shares outstanding were 37,062,000 for the quarter, 8% greater than prior year.

For the year ended December 27, 1997, net sales rose to \$1.52 billion, a 23% increase from \$1.23 billion for the full year 1996. Excluding merger and integration costs and including pro forma adjustments, net income increased 32% to \$41.7 million compared to \$31.6 million last year. Diluted earnings per share, after adjustments, increased by 18% to \$1.14 from \$0.97 in 1996 on approximately 13% more shares outstanding. The increase in shares primarily related to the Company's follow-on stock offering completed in June of 1996 as well as recent acquisitions.

Commenting on the financial results, Stanley M. Bergman, Chairman, Chief Executive Officer, and President of Henry Schein, Inc., stated, "We are extremely pleased with our performance in the fourth quarter, as well as for the year. Annual sales growth for 1997 was 23% of which 15% was internally generated - well above industry growth. Our 1997 sales of \$1.5 billion is over 80% above the reported figure for 1996, and adjusted net income for 1997 was more than double the reported net income for 1996."

Mr. Bergman added, "During the quarter, we successfully completed the acquisition of Sullivan Dental Products, establishing Henry Schein as the leading U.S. dental distributor. The integration process is proceeding extremely well. The combined management team has already implemented a new sales compensation plan, established common pricing through joint direct marketing and convention initiatives, and will shortly issue the first combined Sullivan/Schein catalog. We are beginning to enjoy the benefits of improved operating efficiencies and our expanded field sales and equipment program as a result of this acquisition. We are confident that the strategic investments we made in 1997 will significantly enhance our profitability during 1998 and beyond."

Henry Schein, Inc. is the largest distributor of healthcare products to office-based healthcare practitioners, including dental practices and laboratories, physician practices and veterinary clinics. The Company, recognized for its excellent customer service and low prices, serves more than 250,000 customers worldwide.

Certain information contained herein includes information that is forward looking. The matters referred to in forward looking statements may be affected by the risks and uncertainties involved in the company's business. These forward looking statements are qualified in their entirety by the cautionary statements contained in the Company's Securities and Exchange Commission filings.

HENRY SCHEIN, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (in thousands, except per share data)  
 (unaudited)

|                                     | Three Months Ended |                                | Twelve Months Ended |                                |
|-------------------------------------|--------------------|--------------------------------|---------------------|--------------------------------|
|                                     | Dec. 27,<br>1997   | Dec. 28,<br>1996<br>(restated) | Dec. 27,<br>1997    | Dec. 28,<br>1996<br>(restated) |
| Net sales                           | \$410,156          | \$348,994                      | \$1,518,123         | \$1,231,848                    |
| Cost of sales                       | 284,080            | 244,755                        | 1,067,299           | 865,156                        |
| Gross profit                        | 126,076            | 104,239                        | 450,824             | 366,692                        |
| Operating expenses:                 |                    |                                |                     |                                |
| Selling, general and administrative | 104,355            | 87,910                         | 388,394             | 319,294                        |
| Merger and integration costs        | 28,708             | 0                              | 50,779              | 0                              |
| Operating income (loss)             | (6,987)            | 16,329                         | 11,651              | 47,398                         |
| Other income (expense)              |                    |                                |                     |                                |
| Interest income                     | 2,204              | 2,630                          | 7,242               | 6,353                          |
| Interest expense                    | (1,941)            | (579)                          | (5,541)             | (4,712)                        |
| Other - net                         | 351                | 805                            | 577                 | 985                            |
| Income (loss) before taxes          |                    |                                |                     |                                |

|   |           |          |           |          |
|---|-----------|----------|-----------|----------|
| on income, minority interest and equity in earnings of affiliates | (6,373)   | 19,185   | 13,929    | 50,024   |
| Taxes on income   | 1,257     | 7,186    | 17,512    | 18,606   |
| Minority interest in net income (loss) of subsidiaries            | 4         | 261      | (430)     | 246      |
| Equity in earnings of affiliates                                  | 1,252     | 484      | 2,141     | 1,595    |
| Net income (loss)   | \$(6,382) | \$12,222 | \$(1,012) | \$32,767 |
| Adjusted net income:  |           |          |           |          |
| Net income (loss)   | \$(6,382) | \$12,222 | \$(1,012) | \$32,767 |
| Adjustments:  |           |          |           |          |
| Merger and integration costs                                      | 28,708    | 0        | 50,779    | 0        |
| Tax effect on merger and integration costs                        | (7,397)   | 0        | (8,021)   | 0        |
| Pro forma tax adjustment - Dentrrix                               | 0         | (471)    | 0         | (1,197)  |
| Adjusted net income   | \$14,929  | \$11,751 | \$41,746  | \$31,570 |
| Adjusted net income per common share:                             |           |          |           |          |
| Basic   | \$0.43    | \$0.35   | \$1.21    | \$1.02   |
| Diluted   | \$0.40    | \$0.34   | \$1.14    | \$0.97   |
| Weighted average shares:  |           |          |           |          |
| Basic   | 35,002    | 33,280   | 34,557    | 30,912   |
| Diluted   | 37,062    | 34,255   | 36,690    | 32,400   |

Restated to reflect results of Sullivan Dental Products, Inc., Micro Bio-Medics, Inc. and Dentrrix Dental Systems, Inc. which were accounted for under the pooling of interests method of accounting.

HENRY SCHEIN, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share data)  
(unaudited)

|   | Dec. 27,<br>1997 | Dec. 28,<br>1996<br>(restated) |
|---|------------------|--------------------------------|
| ASSETS:   |                  |                                |
| Current assets:   |                  |                                |
| Cash and cash equivalents   | \$7,824          | \$45,814                       |
| Accounts receivable, less reserves of \$13,048 and \$9,035 respectively                             | 261,665          | 207,187                        |
| Inventories   | 212,848          | 180,750                        |
| Deferred income taxes   | 13,323           | 7,944                          |
| Other   | 39,396           | 31,987                         |
| Total current assets  | 535,056          | 473,682                        |
| Property and equipment, net of accumulated depreciation of \$57,997 and \$48,672 respectively       | 54,449           | 48,019                         |
| Goodwill and other intangibles, net of accumulated amortization of \$7,903 and \$5,976 respectively | 122,217          | 77,718                         |
| Investments and other   | 29,472           | 29,525                         |
|   | \$741,194        | \$628,944                      |

LIABILITIES AND STOCKHOLDERS' EQUITY

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Current liabilities               |           |           |
| Accounts payable                  | \$129,806 | \$120,693 |
| Bank credit lines                 | 11,973    | 6,716     |
| Accruals:                         |           |           |
| Salaries and related expenses     | 20,729    | 14,146    |
| Other                             | 56,151    | 36,879    |
| Current maturities of             |           |           |
| long-term debt                    | 9,370     | 8,894     |
| Total current liabilities         | 228,029   | 187,328   |
| Long-term debt                    | 93,192    | 33,283    |
| Other liabilities                 | 6,467     | 3,444     |
| Total liabilities                 | 327,688   | 224,055   |
| Minority interest                 | 2,225     | 5,289     |
| Commitments and contingencies     |           |           |
| Stockholders' equity:             |           |           |
| Common stock, \$.01 par value,    |           |           |
| authorized 60,000,000; issued and |           |           |
| outstanding 35,146,892 and        |           |           |
| 33,817,550 respectively           | 352       | 338       |
| Additional paid-in capital        | 322,998   | 314,000   |
| Deferred compensation             | (1,625)   | 0         |
| Retained earnings                 | 92,321    | 89,800    |
| Treasury stock, at cost 62,479    |           |           |
| and 281,394 shares                |           |           |
| respectively                      | (1,156)   | (3,902)   |
| Foreign currency translation      |           |           |
| adjustment                        | (1,609)   | (636)     |
| Total stockholders' equity        | 411,281   | 399,600   |
|                                   | \$741,194 | \$628,944 |

Restated to reflect results of Sullivan Dental Products, Inc., Micro Bio-Medics, Inc. and Dentrix Dental Systems, Inc. which were accounted for under the pooling of interests method of accounting.

SOURCE Henry Schein, Inc.