

Henry Schein, Inc. Announces Record First Quarter Results; Reports 52% Quarterly Net Income Growth

May 4, 1998

First Quarter Sales Exceed \$400 Million>

MELVILLE, N.Y., May 4 /PRNewswire/ -- Henry Schein, Inc. (Nasdaq: HSIC) today announced financial results for the first quarter ended March 28, 1998, compared to restated results for 1997.

For the first quarter of 1998, net sales increased 19% to \$403 million from \$339 million for the first quarter last year. Excluding merger and integration costs and including pro forma adjustments, net income rose 52% to \$8.8 million as compared to \$5.8 million for last year's first quarter. The Company reported diluted earnings per share, after adjustments, of \$0.23 versus \$0.16 in the 1997 first quarter, a 44% increase. Average shares outstanding were 37,606,000 for the quarter, 7% greater than prior year.

Commenting on the financial results, Stanley M. Bergman, Chairman, Chief Executive Officer, and President of Henry Schein, Inc. stated, "We are extremely pleased to begin 1998 with a record performance in the first quarter. Sales exceeded \$400 million for the quarter, reflecting 19% growth of which 13% was internally generated. This internal growth rate is well in excess of industry averages."

Mr. Bergman added, "The integration of Sullivan Dental is proceeding extremely well. A highlight of the quarter was the release of the first combined Sullivan-Schein Dental catalogue on March 15, which was very well received by the dental community. The combined company also exhibited at a number of major dental conventions with favorable response. In addition, we successfully consolidated Sullivan's California distribution center into our existing Reno, Nevada facility, and now all orders from the western U.S. are processed through one system. During the quarter, senior management spent considerable time in the field with our over 500 member U.S. Dental field sales force. The benefits of this management focus are evident from our first quarter results, and we are confident that our strategic investment in Sullivan will continue to improve our market share and profitability for the remainder of 1998 and beyond."

Mr. Bergman concluded, "The positive results that we are already seeing from the Sullivan acquisition, and the improvements in margin we are enjoying as a result of the Micro Bio-Medics acquisition are evidence of the success of our investments made during 1997. I am very excited about our prospects for the future."

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	
	March 28, 1998	March 29, 1997 (restated)
Net sales	\$403,032	\$339,049
Cost of sales	281,541	239,012
Gross profit	121,491	100,037
Operating expenses:		
Selling, general and administrative	107,225	90,402
Merger and integration costs	3,864	2,527
Operating income	10,402	7,108
Other income (expense):		
Interest income	1,712	1,537
Interest expense	(2,157)	(1,020)
Other - net	80	(75)
Income before taxes on income, minority interest and equity in earnings (losses) of affiliates	10,037	7,550

Taxes on income	4,253	4,008
Minority interest in net income (loss) of subsidiaries	1	(14)
Equity in earnings (losses) of affiliates	181	(50)
Net income	\$5,964	\$3,506
Adjusted net income:		
Net income	\$5,964	\$3,506
Adjustments:		
Merger and integration costs	3,864	2,527
Tax effect on merger and integration costs	(1,037)	0
Pro forma tax adjustment - Dentrix	0	(252)
Adjusted net income	\$8,791	\$5,781
Adjusted net income per common share:		
Basic	\$0.25	\$0.17
Diluted	\$0.23	\$0.16
Weighted average shares:		
Basic	35,518	33,640
Diluted	37,606	35,115

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

HENRY SCHEIN, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

	March 28, 1998 (unaudited)	December 27, 1997 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$12,244	\$7,824
Accounts receivable, less reserves of \$12,712 and \$13,408 respectively	258,136	261,665
Inventories	220,065	212,848
Deferred income taxes	13,358	13,323
Other	40,999	39,396
Total current assets	544,802	535,056
Property and equipment, net of accumulated depreciation of \$59,974 and \$57,997 respectively	58,301	54,449
Goodwill and other intangibles, net of accumulated amortization of \$11,657 and \$10,395 respectively	127,054	122,217
Investments and other	28,924	29,472
	\$759,081	\$741,194
LIABILITIES AND STOCK HOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$116,021	\$129,806
Bank credit lines	11,665	11,973
Accruals:		
Salaries and related expenses	22,967	20,729
Merger and integration costs	13,220	17,056
Other	32,586	39,095
Current maturities of long-term debt	8,361	9,370
Total current liabilities	204,820	228,029
Long-term debt	123,439	93,192
Other liabilities	6,234	6,550

Total liabilities	334,493	327,771
Minority interest	2,267	2,225
Stockholders' equity:		
Common stock, \$.01 par value, authorized 60,000,000; issued and outstanding 35,410,714 and 35,146,892, respectively	354	352
Additional paid-in capital	328,473	322,998
Deferred compensation	(1,625)	(1,625)
Retained earnings	98,202	92,238
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Foreign currency translation adjustment	(1,927)	(1,609)
Total stockholders' equity	422,321	411,198
	\$759,081	\$741,194

SOURCE Henry Schein, Inc.