

## Henry Schein, Inc. Reports Third Quarter Net Income Increase of 55%

November 2, 1998

### - EPS Rises 46% to \$0.38 -

MELVILLE, N.Y., Nov. 2 /PRNewswire/ -- Henry Schein, Inc. (Nasdaq: HSIC), today announced financial results for the third quarter and year-to-date ended September 26, 1998, compared to restated results for 1997.

For the third quarter of 1998, net sales increased 12% to \$493 million from \$439 million for the third quarter last year. Excluding merger and integration costs and including pro forma adjustments, net income rose 55% to \$15.8 million as compared to \$10.2 million for last year's third quarter. The Company reported diluted earnings per share, after adjustments, of \$0.38 versus \$0.26 in the 1997 third quarter, a 46% increase. Average shares outstanding were 41,828,000 for the quarter, 5% greater than the prior year.

Year-to-date, net sales of \$1.4 billion represents a 14% increase over the prior year. Excluding merger and integration costs and including pro forma adjustments, net income of \$38.5 million reflects 48% growth compared to 1997. Diluted earnings per share, after adjustments, increased by 39% to \$.92 compared to \$.66 for the prior year. Average shares outstanding were 41,588,000, 6% higher than in 1997.

Commenting on the financial results, Stanley M. Bergman, Chairman, Chief Executive Officer, and President of Henry Schein, stated, "We are very pleased with our strong financial performance for the quarter and year to date period. Our strong sales and earnings growth was driven by solid contributions from all of our business units. The expansion of 160 basis points in operating margin, excluding merger and integration costs, and adjusted net income growth of 55% reflects the successful execution of our long term growth strategies. We expect to see further operating margin improvement as we continue to leverage our core infrastructure, and realize additional synergies from the ongoing Sullivan Dental and Micro Bio-Medics integrations."

Mr. Bergman added, "During the quarter we successfully completed the consolidation of the remaining Sullivan distribution centers into our Henry Schein network, and folded the Port Washington, N.Y., facility, into our new state-of-the-art warehouse in Denver, PA. Our new Texas distribution center began operations in September. In addition, we expect Micro Bio-Medics' Pelham, N.Y., warehouse to be closed by the end of November -- completing this phase of our distribution center consolidation strategy and enabling us to begin the integration of Meer before the end of 1998."

Mr. Bergman continued, "We are very optimistic about our business and believe we have strong momentum entering 1999. Our unique sales and marketing approach, combined with our solid financial condition, places us in an excellent position to capture additional market share and further strengthen our leading position in the office-based healthcare distribution industry."

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		Nine Months Ended	
	Sept. 26, 1998	Sept. 27, 1997 (restated)	Sept. 26, 1998	Sept. 27, 1997 (restated)
Net sales	\$492,634	\$439,309	\$1,418,968	\$1,240,430
Cost of sales	338,935	310,431	978,979	871,810
Gross profit	153,699	128,878	439,989	368,620
Operating expenses:				
Selling, general and administrative	128,631	113,747	377,272	328,420
Merger and integration costs	20,240	17,718	32,640	22,071
Operating income (loss)	4,828	(2,587)	30,077	18,129
Other income (expense):				
Interest income	1,638	2,328	4,826	5,361
Interest expense	(2,606)	(2,034)	(8,556)	(5,079)

Other - net	289	16	850	483
Income (loss) before taxes on income, minority interest and equity in earnings of affiliates	4,149	(2,277)	27,197	18,894
Taxes on income	2,572	6,228	12,483	16,343
Minority interest in net income (loss) of subsidiaries	86	(311)	(57)	(437)
Equity in earnings of affiliates	815	558	1,470	888
Net income (loss)	\$2,306	\$(7,636)	\$16,241	\$3,876
Adjusted net income:				
Net income (loss)	\$2,306	\$(7,636)	\$16,241	\$3,876
Adjustments:				
Merger and integration costs	20,240	17,718	32,640	22,071
Tax effect on merger and integration costs	(4,504)	(304)	(7,835 )	(624)
Proforma tax adjustment - Meer	(2,240)	385	(2,579)	597
Adjusted net income	\$15,802	\$10,163	\$38,467	\$25,920
Adjusted net income per common share:				
Basic	\$0.40	\$0.27	\$0.97	\$0.69
Diluted	\$0.38	\$0.26	\$0.92	\$0.66
Weighted average shares:				
Basic	39,787	37,560	39,729	37,493
Diluted	41,828	39,649	41,588	39,393

Restated to reflect results of H. Meer Dental Supply Co., which was accounted for under the pooling of interests method of accounting.

#### HENRY SCHEIN, INC. AND SUBSIDIARIES

#### CONSOLIDATED BALANCE SHEETS (in thousands, except per share data)

	September 26, 1998 (unaudited)	December 27, 1997 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$16,076	\$11,813
Accounts receivable, less reserves of \$17,224 and \$14,922, respectively	353,772	284,727
Inventories	264,781	228,005
Deferred income taxes	16,545	13,323
Prepaid expenses and other	42,803	41,128
Total current assets	693,977	578,996
Property and equipment, net of accumulated depreciation of \$66,560 and \$63,307, respectively	68,487	63,155
Goodwill and other intangibles, net of accumulated amortization of \$16,173 and \$10,911, respectively	145,252	130,847
Investments and other	42,684	30,948

	\$950,400	\$803,946
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$183,160	\$137,992
Bank credit lines	21,408	32,173
Accruals:		
Salaries and related expenses	29,835	25,021
Merger and integration costs	13,652	17,056
Other	46,257	42,194
Current maturities of long-term debt	6,260	9,470
Total current liabilities	300,572	263,906
Long-term debt	182,014	107,042
Other liabilities	8,834	6,550
Total liabilities	491,420	377,498
Minority interest	1,784	2,225
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value, authorized 60,000,000; issued and outstanding 39,757,374 and 38,120,572, respectively	398	381
Additional paid-in capital	347,542	328,644
Retained earnings	113,817	99,588
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated other comprehensive income	(1,780)	(1,609)
Deferred compensation	(1,625)	(1,625)
Total stockholders' equity	457,196	424,223
	\$950,400	\$803,946

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SOURCE Henry Schein, Inc.