

Henry Schein Announces Fourth Quarter and Year-End Results

February 29, 2000

Sales Exceed \$2 Billion for 1999; Up 22% in Quarter, 19% for Year

Fourth Quarter Dental Sales Grow Over Prior Year, Solid Gains Across All Other Groups

MELVILLE, N.Y.--(BUSINESS WIRE)--February 29, 2000-- Henry Schein, Inc. (Nasdaq: HSIC) today announced financial results for the 1999 fourth quarter and year.

For the three months ended December 25, 1999, net sales increased 22% to \$611 million, from \$503 million in the fourth quarter last year. Net income was \$15.5 million, compared with adjusted net income of \$19.4 million in the fourth quarter of 1998. Diluted earnings per share were \$0.38 versus an adjusted \$0.46 in the 1998 fourth quarter.

For the year ended December 25, 1999, the Company reported net sales up 19% to \$2.3 billion, from \$1.9 billion in 1998. Adjusted net income grew to \$59.8 million, or \$1.44 per diluted share, compared with an adjusted net income of \$57.8 million, or \$1.39 per diluted share, in the prior year.

Commenting on the quarter, Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein, Inc., stated, "Fourth quarter sales growth was reported across all business groups and earnings per share for the quarter were consistent with the expectations that we communicated last quarter. In particular, Dental sales of \$276.6 million exceeded our expectations, rising 1% over the 1998 fourth quarter and up 7% compared with the 1999 third quarter."

The Company stated that its Medical, Veterinary, Technology and International groups continue to grow at impressive rates, as net sales for those groups combined in the fourth quarter of 1999 were 46% higher than last year, with 9% internally generated.

"Last October we set forth specific initiatives for increasing sales and reducing expenses in our Dental business. I am pleased to report that we have successfully begun to execute our plan. First, we have appointed John Chatham, an industry veteran, as Vice President of Field Sales for Sullivan-Schein Dental(TM), our U.S. Dental business. We have also established a fully-dedicated management team for Sullivan-Schein Dental's equipment business with the mission of improving customer service and increasing sales and profitability.

"We have begun to implement our rightsizing plan for the Dental business, which we expect to complete by the end of 2000. Once the plan is fully implemented, we anticipate annual savings of at least \$4 million to \$6 million. As a result of one-time costs necessary to implement the plan during the current year, we do not expect to see meaningful savings until 2001," said Mr. Bergman. "This expected savings is in addition to the approximately \$2 million of incremental costs saved as a result of our decision to cancel the opening of another distribution center, as previously announced."

The Company noted that Michael Racioppi, previously interim President of Henry Schein's Medical Group, has been appointed President. The Medical Group reported a 47% increase in sales compared to last year, of which 12% was internally generated.

"Michael has demonstrated exceptional leadership qualities during his eight-year tenure at Henry Schein," said Mr. Bergman. "I am confident in his ability to continue to increase sales and profitability in our Medical Group."

Mr. Bergman continued, "We are very excited about the success of our e-commerce business, which continued its trend of exceptional growth during the quarter. Sales processed through our ArubA(TM) e-commerce suite of systems more than doubled from the fourth quarter of 1998, reaching an annual run rate of well over \$200 million. We are putting additional resources behind this effort and expect to announce additional strategic initiatives in the near-term that will further our Internet presence."

Mr. Bergman concluded, "While 1999 was not without challenge, we ended the year with determination and confidence in our ability to grow sales and grow earnings in the year ahead."

Henry Schein, Inc. is the largest distributor of healthcare products and services 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 300,000 customers worldwide.

Headquartered in Melville, New York, the Company employs over 6,000 people in 16 countries. Sales in 1999 were \$2.3 billion. For more information, visit the Henry Schein website at <http://www.henryschein.com>.

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.

(TABLES TO FOLLOW)

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

Three Months Ended

Twelve Months Ended

	Dec. 25, 1999 -----	Dec. 26, 1998 -----	Dec. 25, 1999 -----	Dec. 26, 1998 -----
	(unaudited)(unaudited)			
Net sales	\$ 611,261	\$ 502,717	\$ 2,285,700	\$ 1,921,685
Cost of sales	424,336	340,882	1,587,344	1,319,861
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Gross profit	186,925	161,835	698,356	601,824
Operating expenses:				
Selling, general and administrative	155,902	128,356	579,124	505,628
Merger and integration costs	0	24,026	13,467	56,666
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Operating income	31,023	9,453	105,765	39,530
Other income (expense):				
Interest income	2,570	2,138	7,777	6,964
Interest expense	(7,027)	(3,494)	(23,593)	(12,050)
Other - net	481	720	(166)	1,570
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Income before taxes on income, minority interest and equity in earnings (losses)				
of affiliates	26,085	8,817	89,783	36,014
Taxes on income	9,390	7,842	35,589	20,325
Minority interest in net income of subsidiaries	418	202	1,690	145
Equity in earnings (losses) of affiliates	(738)	(687)	(2,192)	783
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Net income	\$ 15,539	\$ 86	\$ 50,312	\$ 16,327
	=====		=====	
Adjusted net income:				
Net income	\$ 15,539	\$ 86	\$ 50,312	\$ 16,327
Adjustments:				
Merger and integration costs	0	24,026	13,467	56,666
Tax effect on merger and integration costs	0	(4,756)	(3,983)	(12,591)
Pro-forma tax adjustment - Meer	0	0	0	(2,579)
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Adjusted net income	\$ 15,539	\$ 19,356	\$ 59,796	\$ 57,823
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Adjusted net income per common share:				
Basic	\$ 0.38	\$ 0.48	\$ 1.47	\$ 1.47
	=====		=====	
Diluted	\$ 0.38	\$ 0.46	\$ 1.44	\$ 1.39
	=====		=====	
Weighted average shares:				
Basic	40,703	39,939	40,585	39,305
	=====		=====	

Diluted	41,101	42,058	41,438	41,549
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HENRY SCHEIN, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(audited)

	Dec. 25, 1999	Dec. 26, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,019	\$ 28,222
Accounts receivable, less reserves of \$20,391 and \$20,136, respectively	388,063	338,121
Inventories	285,590	270,008
Deferred income taxes	15,520	14,532
Prepaid expenses and other	63,617	53,646
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Total current assets	778,809	704,529
Property and equipment, net of accumulated depreciation and amortization of \$60,702 and \$53,756, respectively	86,627	67,646
Goodwill and other intangibles, net of accumulated amortization of \$31,356 and \$18,123, respectively	295,113	148,428
Investments and other	43,553	41,437
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	\$ 1,204,102	\$ 962,040

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 198,983	\$ 169,860
Bank credit lines	41,527	19,372
Accruals:		
Salaries and related expenses	31,188	29,675
Merger and integration costs	10,093	21,992
Other	64,710	50,404
Current maturities of long-term debt	3,879	9,634
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Total current liabilities	350,380	300,937
Long-term debt	318,218	180,445
Other liabilities	9,782	11,720
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Total liabilities	678,380	493,102
Minority interest	7,855	5,904
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Stockholders' equity:
Common stock, \$.01 par value,
authorized 120,000,000;
issued and outstanding

40,768,306 and 40,250,936, respectively	407	402
Additional paid-in capital	361,757	348,119
Retained earnings	167,809	119,064
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated comprehensive income	(10,359)	(2,057)
Deferred compensation	(591)	(1,338)
 Total stockholders' equity	517,867	463,034
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	\$ 1,204,102	\$ 962,040
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