

Henry Schein Reports 43% Growth in Fourth Quarter Earnings

March 6, 2001

MELVILLE, N.Y.--(BUSINESS WIRE)--March 6, 2001-- EPS Increases 37% to \$0.52, Cash Flow From Operations Improves to \$68

Million;
Company Provides 2001 EPS Guidance

Henry Schein, Inc. (Nasdaq: HSIC), the largest provider of healthcare supplies to office-based practitioners in the combined North American and European markets, today announced financial results for the fourth quarter and full-year 2000.

For the three months ended December 30, 2000, net sales increased by 7.5% to \$656 million, from \$610 million in the fourth quarter of last year. In local currencies, net sales increased by more than 10%. Excluding one-time costs of \$9.1 million (\$5.9 million after tax, \$0.14 per diluted share) related to the Company's previously announced restructuring plan, and \$3.5 million after tax (\$0.08 per diluted share) related to the sale of the Company's interest in the Novocol pharmaceutical business and the sale of the Company's software development unit in the United Kingdom, adjusted net income rose 43% to \$22.2 million, or \$0.52 per diluted share, compared with adjusted net income of \$15.5 million, or \$0.38 per diluted share, in the fourth quarter of 1999.

The fourth quarter of 2000 included an additional week compared to the fourth quarter of 1999. This additional week, the year-end holiday week, is historically the Company's lightest sales week of the year. Excluding the impact of the additional week, net sales increased by approximately 3% compared with the fourth quarter of 1999. In local currencies and excluding the impact of the additional week, net sales increased by 6%, approximating the overall growth rate of the Company's combined markets.

During the fourth quarter of 2000, the Company modified its accounting policies in accordance with several new Securities and Exchange Commission and Financial Accounting Standards Board pronouncements and guidance statements, which address the way certain costs are classified within the Income Statement. Financial statements for the fourth quarter and full year 2000 and 1999 have been reclassified in accordance with these pronouncements and guidance statements. These changes had no meaningful impact on sales, but increased cost of sales and decreased SG&A expenses each by approximately 4% as a percentage of sales. These accounting changes had no impact on net income or earnings per share.

"Exceptional earnings growth and operating cash flow during the fourth quarter capped off a successful 2000, as we began reaping the benefits of our major mergers and acquisitions," said Stanley M. Bergman, Chairman, Chief Executive Officer and President of Henry Schein. "Cash flow from operations increased to \$68 million during the quarter, and we strengthened our balance sheet by paying down an additional \$32 million in debt. For the full year 2000, cash flow from operations was \$153 million, and we paid down approximately \$89 million in debt."

For the year 2000, the Company reported net sales of \$2.4 billion, up 4% over 1999. Adjusted net income for the year 2000 increased to \$70.1 million, representing a 17% increase compared to prior year. Adjusted earnings per share grew by 16% to \$1.67 per diluted share.

"As we enter 2001, we remain committed to our objectives of achieving accelerating sales growth on a company-wide basis, continuing improvements in gross margins and operating margins, and generating continued strong cash flow as a result of a growing top line and improved efficiencies," said Mr. Bergman. "More specifically, we expect full-year 2001 EPS growth rates to be in the mid teens. We look for these year-over-year growth rates to accelerate each quarter during the year, building on first quarter EPS growth of approximately 10% to 12%."

The Company reported fourth quarter Dental sales of \$290.3 million, an increase of 5.3% compared with the comparable prior-year period. Dental merchandise sales were up 5.2% for the fourth quarter of 2000, compared with the fourth quarter of 1999, while Dental equipment sales and service revenues were up 5.6%, compared with the fourth quarter of 1999.

Henry Schein's Medical and Veterinary businesses continued above-market growth rates in the fourth quarter of 2000, rising 17% and 13%, respectively, compared with the fourth quarter of 1999. Medical sales to the Company's core physician office and alternate care markets were particularly strong.

International sales for the fourth quarter of 2000 were approximately 2% below the fourth quarter of 1999, while in local currencies sales grew by approximately 13%. Technology and Value-Added Services sales in the fourth quarter of 2000 were down approximately 11% compared to the same period last year, when sales were exceptionally strong due to Y2K conversions. Most of the decline in this category was in non-software related products.

Excluding the additional week in the 2000 fourth quarter compared with the 1999 fourth quarter, Dental sales increased approximately 2%, Medical sales increased 11%, Veterinary sales rose 7%, International sales declined 7% (up 8% in local currencies) and Technology and Value-Added Services sales were off 14%.

The Company also reported that its recently announced restructuring programs have been completed on schedule. The full impact of the cost savings from these programs is expected in 2001.

Live Webcast

The Company will hold a conference call to discuss these results today, beginning at 10:00 a.m. Eastern Time. Individual investors are invited to listen to the conference call over the Internet through Henry Schein's Website at www.henryschein.com. In addition, a replay will be available for 30 days beginning shortly after the call has ended.

Henry Schein, Inc. is the largest distributor of healthcare products and services to office-based healthcare practitioners in the combined North

American and European markets. Recognized for its excellent customer service and low prices, the Company serves more than 400,000 customers worldwide, including dental practices and laboratories, physician practices and veterinary clinics, as well as government and other institutions.

The Company operates its five business groups - Dental, Medical, Veterinary, International and Technology - through a centralized and automated distribution network, which provides customers in more than 125 countries with a comprehensive selection of over 70,000 national and Henry Schein private-brand products. Henry Schein also offers a wide range of innovative value-added practice solutions, such as its leading dental practice management software systems - DENTRIX(R) and Easy Dental(R), which are installed in over 35,000 practices; and Aruba(R), Henry Schein's electronic catalog and ordering system. Headquartered in Melville, New York, Henry Schein employs over 6,000 people in 15 countries. The Company's 2000 sales reached a record \$2.4 billion. For more information, visit the Henry Schein Website at 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.

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

	Three Months Ended		Twelve Months Ended	
	Dec. 30, 2000	Dec. 25, 1999	Dec. 30, 2000	Dec. 25, 1999
	(unaudited)(unaudited)		(restated)	
Net sales	\$655,632	\$609,954	\$2,381,721	\$2,284,544
Cost of sales	477,613	450,646	1,733,820	1,675,948
	-----		-----	
Gross profit	178,019	159,308	647,901	608,596
Operating expenses:				
Selling, general and administrative	139,781	128,285	520,288	489,364
Merger and integration costs	0	0	585	13,467
Restructuring costs	9,052	0	14,439	0
	-----		-----	
Operating income	29,186	31,023	112,589	105,765
Other income (expense):				
Interest income	1,937	2,570	6,279	7,777
Interest expense	(4,869)	(7,027)	(20,409)	(23,593)
Other - net	(1,387)	(481)	(1,925)	(166)
	-----		-----	
Income before taxes on income, minority interest and equity in losses of affiliates	24,867	26,085	96,534	89,783
Taxes on income	9,975	9,390	36,150	35,589
Minority interest in net income of subsidiaries	382	418	1,757	1,690
Equity in losses of affiliates	(1,778)	(738)	(1,878)	(2,192)
	-----		-----	
Net income	\$12,732	\$15,539	\$56,749	\$50,312
	=====		=====	
Adjusted net income:				
Net income	\$12,732	\$15,539	\$56,749	\$50,312
Adjustments:				
Merger and integration costs	0	0	585	13,467
Tax effect on merger and integration costs	0	0	0	(3,983)
Restructuring costs	9,052	0	14,439	0
Tax effect on restructuring costs	(3,139)	0	(5,169)	0
Loss on Sale of Novocol				

Pharmaceutical	1,925	0	1,925	0
Loss on Sale of United Kingdom Technology Unit	1,618	0	1,618	0
Adjusted net income	\$22,188	\$15,539	\$70,147	\$59,796
Adjusted net income per common share:				
Basic	\$0.53	\$0.38	\$1.70	\$1.47
Diluted	\$0.52	\$0.38	\$1.67	\$1.44
Weighted average shares:				
Basic	41,750	40,703	41,244	40,585
Diluted	42,609	41,101	42,007	41,438

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

	Dec. 30, 2000	Dec. 25, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	\$58,362	\$26,019
Accounts receivable, less reserves of \$27,556 and \$20,391, respectively	371,668	388,063
Inventories	276,473	285,590
Deferred income taxes	21,001	15,520
Prepaid expenses and other	60,900	63,617
Total current assets	788,404	778,809
Property and equipment, net of accumulated depreciation and amortization of \$73,134 and \$60,702, respectively	94,663	86,627
Goodwill and other intangibles, net of accumulated amortization of \$44,419 and \$31,356, respectively	292,018	295,113
Investments and other	55,983	43,553
	\$1,231,068	\$1,204,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$216,535	\$198,983
Bank credit lines	4,390	41,527
Accruals:		
Salaries and related expenses	39,830	31,188
Merger, integration and restructuring costs	13,735	10,093
Other	84,288	64,710
Current maturities of long-term debt	6,079	3,879
Total current liabilities	364,857	350,380
Long-term debt	266,224	318,218

Other liabilities	12,931	9,782
	-----	-----
Total liabilities	644,012	678,380
	-----	-----
Minority interest	7,996	7,855
	-----	-----
Stockholders' equity:		
Common stock, \$.01 par value, authorized 120,000,000; issued and outstanding 41,946,284 and 40,768,306, respectively	419	407
Additional paid-in capital	373,413	361,757
Retained earnings	225,029	167,809
Treasury stock, at cost (62,479 shares)	(1,156)	(1,156)
Accumulated comprehensive income	(18,179)	(10,359)
Deferred compensation	(466)	(591)
	-----	-----
Total stockholders' equity	579,060	517,867
	-----	-----
	\$1,231,068	\$1,204,102
	=====	=====

--30--rlg/ny* ac

CONTACT: Henry Schein, Inc., Melville
Steven Paladino, 631/843-5500
Susan Vassallo, 631/843-5562
svassa@henryschein.com