

Henry Schein Reports Record First Quarter Results

May 8, 2007

Diluted EPS from continuing operations increases 20% to \$0.48

MELVILLE, N.Y.--(BUSINESS WIRE)--May 8, 2007--Henry Schein, Inc. (NASDAQ: HSIC), the largest provider of healthcare products and services to office-based practitioners in the combined North American and European markets, today reported financial results for the quarter ended March 31, 2007.

Net sales for the first quarter of 2007 were \$1.3 billion, an increase of 14.8% from the first quarter of 2006. This increase includes 12.4% local currency growth (4.2% internally generated and 8.2% from acquisitions net of divestiture) and 2.4% related to foreign currency exchange. (See Exhibit A for details of sales growth.)

Net income and income from continuing operations for the first quarter of 2007 were \$43.5 million or \$0.48 per diluted share. First quarter 2007 income and diluted earnings per share from continuing operations were up 22.1% and 20.0%, respectively, compared with the prior-year first quarter. There was no impact of discontinued operations in the current quarter.

"Once again our quarterly results featured double-digit sales growth in each of our business groups as we continued to gain market share across the board," said Stanley M. Bergman, Chairman and Chief Executive Officer of Henry Schein. "Also, operating margin expanded as we continue to leverage a growing top line across our established infrastructure and focus on selling higher-margin products."

For the first quarter, Dental sales increased 16.7%, including 16.9% growth in local currencies (9.9% internally generated and 7.0% from acquisitions) offset by a 0.2% decline related to foreign currency exchange. Of the 16.9% local currency growth, Dental consumable merchandise sales increased 14.6% (6.2% internal growth and 8.4% acquisition growth) and Dental equipment sales and service revenues were up 25.6% (23.5% internal growth and 2.1% acquisition growth).

"Strong market-share gains in our Dental Group were led by equipment sales and service growth, which reflects continued strength in basic equipment sales and strong demand for high-tech products as dentists strive for greater practice efficiencies and patient satisfaction," commented Mr. Bergman. "The dental markets we serve remain strong, based on our positive experience with customers and manufacturers at two large dental trade shows during the quarter."

Medical sales increased 11.3% during the first quarter (1.9% decline in internal sales growth offset by 13.2% acquisition growth net of divestiture). The Company estimates that its Medical Group internal sales growth, excluding sales of all pharmaceutical products, represents a market share gain for the quarter.

"In April we combined our major physician brands under the Henry Schein Medical brand, with the goal of leveraging our unique strengths in field sales, telesales, telemarketing and direct marketing," added Mr. Bergman. "While we are confident in the long-term benefit of this initiative to our customers and to our Company, Medical Group results over the next several quarters will reflect the elimination of duplicate costs and may reflect some sales erosion as well."

For the quarter, International sales increased 15.1%, including 6.1% growth in local currencies (1.1% internally generated and 5.0% from acquisitions), and 9.0% related to foreign currency exchange. "International sales growth was negatively impacted by the timing of the International Dental Show (IDS) in Germany, the world's largest dental trade show which was held near the end of the first quarter, among other factors," commented Mr. Bergman.

Technology and Value-Added Services sales increased 24.6% during the first quarter of 2007, including 24.7% growth in local currencies (17.7% internally generated and 7.0% acquisition growth) offset by a 0.1% decline related to foreign currency exchange. "Our Technology and Value-Added Services sales growth for the quarter was fueled by strong growth in electronic services, software and financial services revenues," stated Mr. Bergman.

Stock Repurchase Plan

Henry Schein announced that it repurchased 639,100 shares of common stock during the first quarter of 2007 at an average price of \$48.02 per share. Approximately \$140 million remains authorized for future common stock repurchases. The impact of the repurchase of shares under this program on first quarter diluted EPS was immaterial.

2007 EPS Guidance

Henry Schein affirms 2007 financial guidance, as follows:

- 2007 diluted EPS is expected to be \$2.51 to \$2.57. This represents an increase of 23% to 26% compared with 2006 diluted EPS from continuing operations.
- This 2007 diluted EPS guidance includes Henry Schein's expectations that it will distribute approximately 20 million doses of influenza vaccine during the year.
- We expect mid-teens diluted EPS growth in the second quarter of 2007.
- 2007 diluted EPS guidance is for current continuing operations including completed or previously announced acquisitions, and does not include the impact of potential future acquisitions, if any.

First Quarter Conference Call Webcast

The Company will hold a conference call to discuss first quarter financial 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 Web site at www.henryschein.com. In addition, a replay will be available beginning shortly after the call has ended.

About Henry Schein

Henry Schein, a Fortune 500(R) company, is recognized for its excellent customer service and highly competitive prices. The Company's four business groups - Dental, Medical, International and Technology - serve more than 500,000 customers worldwide, including dental practitioners and laboratories, physician practices and animal health clinics, as well as government and other institutions. The Company operates through a centralized and automated distribution network, which provides customers in more than 200 countries with a comprehensive selection of more than 70,000 national and Henry Schein private-brand products in stock, as well as more than 100,000 additional products available as special-order items.

Henry Schein also offers a wide range of innovative value-added practice solutions for healthcare professionals, such as Aruba(R), the Company's electronic catalog and ordering system. Its leading practice-management software solutions have been installed in more than 50,000 practices, including DENTRIX(R) and Easy Dental(R) for dental practices, MicroMd(R) for physician practices, and AVImark(R) for animal health clinics.

Headquartered in Melville, N.Y., Henry Schein employs more than 11,000 people and has operations in 19 countries. The Company's net sales reached a record \$5.15 billion in 2006. For more information, visit the Henry Schein Web site at www.henryschein.com.

In accordance with the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. All forward-looking statements made by us are subject to risks and uncertainties and are not guarantees of future performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate" or other comparable terms. A full discussion of our operations and financial condition, including factors that may affect our business and future prospects, is contained in documents we have filed with the SEC and will be contained in all subsequent periodic filings we make with the SEC. These documents identify in detail important risk factors that could cause our actual performance to differ materially from current expectations.

Risk factors and uncertainties that could cause actual results to differ materially from current and historical results include, but are not limited to: competitive factors; changes in the healthcare industry; changes in government regulations that affect us; financial risks associated with our international operations; fluctuations in quarterly earnings; our dependence on third parties for the manufacture and supply of our products; transitional challenges associated with acquisitions; financial risks associated with acquisitions; regulatory and litigation risks; the dependence on our continued product development, technical support and successful marketing in the technology segment; our dependence upon sales personnel and key customers; our dependence on our senior management; possible increases in the cost of shipping our products or other service trouble with our third-party shippers; risks from rapid technological change; risks from potential increases in variable interest rates; possible volatility of the market price of our common stock; certain provisions in our governing documents that may discourage third-party acquisitions of us; and changes in tax legislation that affect us. The order in which these factors appear should not be construed to indicate their relative importance or priority.

We caution that these factors may not be exhaustive and that many of these factors are beyond our ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements.

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

	Three Months Ended	
	March 31, 2007	April 1, 2006
	-----	-----
Net sales	\$ 1,334,143	\$1,161,781
Cost of sales	941,170	824,179
	-----	-----
Gross profit	392,973	337,602
Operating expenses:		
Selling, general and administrative	319,074	276,684
	-----	-----
Operating income	73,899	60,918
Other income (expense):		
Interest income	4,138	4,556
Interest expense	(6,004)	(7,394)
Other, net	(117)	221
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Income from continuing operations before taxes, minority interest and equity in earnings of affiliates	71,916	58,301
Income taxes	(25,530)	(21,222)
Minority interest in net income of subsidiaries	(2,915)	(1,560)
Equity in earnings of affiliates	23	108
	-----	-----
Income from continuing operations	43,494	35,627
Discontinued operations:		
Loss from operations of discontinued components	-	(32,279)
Income tax benefit	-	12,911
	-----	-----
Loss from discontinued operations	-	(19,368)
	-----	-----
Net income	\$ 43,494	\$ 16,259
	=====	=====

Earnings from continuing operations per share:		
Basic	\$ 0.49	\$ 0.41
	=====	=====
Diluted	\$ 0.48	\$ 0.40
	=====	=====

Loss from discontinued operations per share:		
Basic	\$ -	\$ (0.22)
	=====	=====
Diluted	\$ -	\$ (0.22)
	=====	=====

Earnings per share:		
Basic	\$ 0.49	\$ 0.19
	=====	=====
Diluted	\$ 0.48	\$ 0.18
	=====	=====

Weighted-average common shares outstanding:		
Basic	87,911	87,310
	=====	=====
Diluted	89,984	89,242
	=====	=====

HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2007	December 30, 2006
	-----	-----
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 154,456	\$ 248,647
Available-for-sale securities	47,499	47,999
Accounts receivable, net of reserves of \$40,379 and \$40,536	617,427	610,020
Inventories, net	583,236	584,103
Deferred income taxes	29,992	28,240
Prepaid expenses and other	119,169	125,839
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Total current assets	1,551,779	1,644,848
Property and equipment, net	221,234	225,038
Goodwill	787,018	773,801

Other intangibles, net	157,874	161,542
Investments and other	97,487	75,917
	-----	-----
Total assets	\$ 2,815,392	\$ 2,881,146
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 343,491	\$ 414,062
Bank credit lines	2,359	2,528
Current maturities of long-term debt	37,495	41,036
Accrued expenses:		
Payroll and related	96,994	110,401
Taxes	52,720	59,007
Other	165,113	183,054
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Total current liabilities	698,172	810,088
Long-term debt	457,318	455,806
Deferred income taxes	67,551	62,334
Other liabilities	61,291	60,209
Minority interest	21,926	21,746
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value, 240,000,000 shares authorized, 88,806,126 outstanding on March 31, 2007 and 88,499,321 outstanding on December 30, 2006	888	885
Additional paid-in capital	629,051	614,551
Retained earnings	833,376	808,164
Accumulated other comprehensive income	45,819	47,363
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Total stockholders' equity	1,509,134	1,470,963
	-----	-----
Total liabilities and stockholders' equity	\$ 2,815,392	\$ 2,881,146
	=====	=====

HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	

	March 31,	April 1,
	2007	2006

Cash flows from operating activities:		
Net income	\$ 43,494	\$ 16,259
Adjustments to reconcile net income to net cash used in operating activities:		
Loss on sale of discontinued operation, net of tax	-	19,363
Depreciation and amortization	17,557	14,352
Stock-based compensation expense	4,117	3,857
Provision for losses on trade and other accounts receivable	231	118
Deferred income taxes	(6,855)	4,978

Undistributed earnings of affiliates	(23)	(108)
Minority interest in net income of subsidiaries	2,915	1,560
Other	(721)	(1,113)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(3,947)	4,599
Inventories	3,936	(12,481)
Other current assets	11,882	3,143
Accounts payable and accrued expenses	(106,488)	(92,527)
Net cash used in operating activities	(33,902)	(38,000)
Cash flows from investing activities:		
Purchases of fixed assets	(8,933)	(11,168)
Payments for equity investment and business acquisitions, net of cash acquired	(27,432)	(72,712)
Purchases of available-for-sale securities	(17,500)	(84,421)
Proceeds from sales of available-for-sale securities	18,000	107,031
Proceeds from maturities of available-for-sale securities	-	80
Net payments for foreign exchange forward contract settlements	(3,921)	(1,161)
Other	(5,262)	191
Net cash used in investing activities	(45,048)	(62,160)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	428	-
Proceeds from (repayments of) bank borrowings	(255)	1,223
Principal payments for long-term debt	(457)	(2,645)
Proceeds from issuance of stock upon exercise of stock options	10,691	17,108
Payments for repurchases of common stock	(30,689)	-
Excess tax benefits related to stock-based compensation	5,853	6,925
Other	(736)	(186)
Net cash provided by (used in) financing activities	(15,165)	22,425
Net change in cash and cash equivalents	(94,115)	(77,735)
Effect of exchange rate changes on cash and cash equivalents	(76)	5,797
Cash and cash equivalents, beginning of period	248,647	210,683
Cash and cash equivalents, end of period	\$ 154,456	\$138,745

Note: The prior period amounts have been restated to reflect the effects of a reclassification of variable-rate demand notes from 'cash and cash equivalents' to 'available-for-sale securities' retrospective to December 31, 2005.

Exhibit A

Henry Schein, Inc.
2007 First Quarter
Sales Growth Rate Summary
(unaudited)

Q1 2007 over Q1 2006

	Consolidated	Dental	Medical	International	Technology
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Internal Sales Growth	4.2%	9.9%	-1.9%	1.1%	17.7%
Acquisitions, net of divestiture	8.2%	7.0%	13.2%	5.0%	7.0%
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Local Currency Sales Growth	12.4%	16.9%	11.3%	6.1%	24.7%
Foreign Currency Exchange	2.4%	-0.2%	-	9.0%	-0.1%
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Total Sales Growth	14.8%	16.7%	11.3%	15.1%	24.6%
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