
Q3 2024

Earnings Conference Call

Financial Results & Outlook



November 5, 2024

Cautionary Note Regarding Forward-Looking Statements and Use of Non-GAAP Financial Information

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 that, 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 include total sales growth, EPS and Adjusted EBITDA guidance and are generally identified by the use of such terms as “may,” “could,” “expect,” “intend,” “believe,” “plan,” “estimate,” “forecast,” “project,” “anticipate,” “to be,” “to make” or other comparable terms. A fuller discussion of our operations, financial condition and status of litigation matters, including factors that may affect our business and future prospects, is contained in documents we have filed with the United States Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K, 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: our dependence on third parties for the manufacture and supply of our products; our ability to develop or acquire and maintain and protect new products (particularly technology products) and technologies that achieve market acceptance with acceptable margins; transitional challenges associated with acquisitions, dispositions and joint ventures, including the failure to achieve anticipated synergies/benefits, as well as significant demands on our operations, information systems, legal, regulatory, compliance, financial and human resources functions in connection with acquisitions, dispositions and joint ventures; certain provisions in our governing documents that may discourage third-party acquisitions of us; adverse changes in supplier rebates or other purchasing incentives; risks related to the sale of corporate brand products; security risks associated with our information systems and technology products and services, such as cyberattacks or other privacy or data security breaches (including the October 2023 incident); effects of a highly competitive (including, without limitation, competition from third-party online commerce sites) and consolidating market; changes in the health care industry; risks from expansion of customer purchasing power and multi-tiered costing structures; increases in shipping costs for our products or other service issues with our third-party shippers; general global and domestic macro-economic and political conditions, including inflation, deflation, recession, ongoing wars, fluctuations in energy pricing and the value of the U.S. dollar as compared to foreign currencies, and changes to other economic indicators, international trade agreements, potential trade barriers and terrorism; geopolitical wars; failure to comply with existing and future regulatory requirements; risks associated with the EU Medical Device Regulation; failure to comply with laws and regulations relating to health care fraud or other laws and regulations; failure to comply with laws and regulations relating to the collection, storage and processing of sensitive personal information or standards in electronic health records or transmissions; changes in tax legislation; risks related to product liability, intellectual property and other claims; risks associated with customs policies or legislative import restrictions; risks associated with disease outbreaks, epidemics, pandemics (such as the COVID-19 pandemic), or similar wide-spread public health concerns and other natural or man-made disasters; risks associated with our global operations; litigation risks; new or unanticipated litigation developments and the status of litigation matters; our dependence on our senior management, employee hiring and retention, and our relationships with customers, suppliers and manufacturers; and disruptions in financial markets. 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, any forward-looking statements contained herein should not be relied upon as a prediction of actual results. We undertake no duty and have no obligation to update forward-looking statements except as required by law.

Included within this presentation are non-GAAP financial measures that supplement the Company's Consolidated Statements of Income prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude certain items. In the schedules attached to the press release, the non-GAAP measures have been reconciled to and should be considered together with the Consolidated Statements of Income. Management believes that non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance and allow for greater transparency with respect to key metrics used by management in operating our business. The impact of certain items that are excluded include integration and restructuring costs, and amortization of acquisition-related assets, because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate and occur on an unpredictable basis. These non-GAAP financial measures are presented solely for informational and comparative purposes and should not be regarded as a replacement for corresponding, similarly captioned, GAAP measures.

Key Takeaways

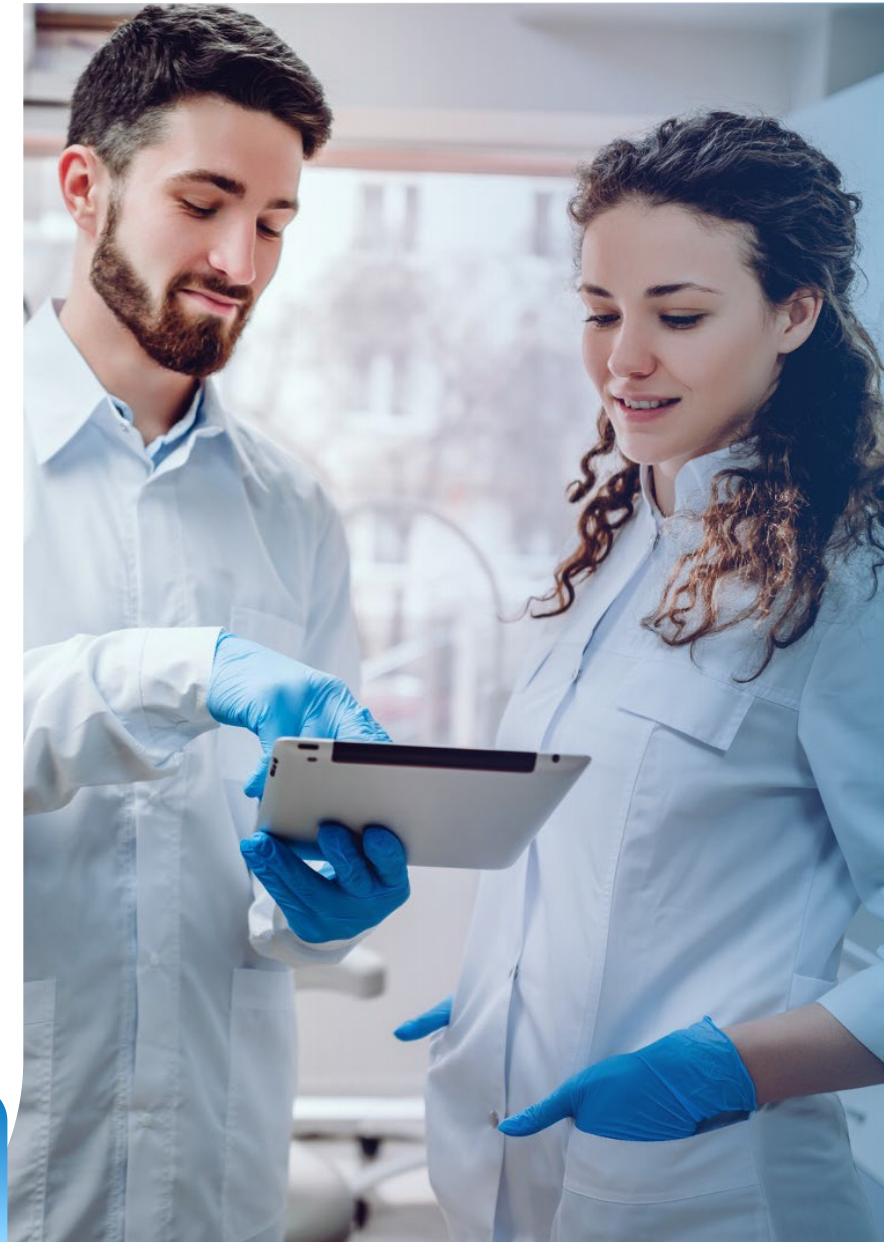
Our businesses performed well during the third quarter with growth and efficiency throughout the business driven by the successful implementation of our BOLD+1 Strategic Plan. We believe we continued to steadily gain market share in our dental and medical distribution business following last year's cyber incident, and had a strong contribution from our high-growth, high-margin products and services.

We are reporting another quarter **exceeding our target of 40% of operating income generated by our high-growth, high-margin businesses**, and we expect to exceed this target for fiscal 2024.

Acquisitions made during our 2022 to 2024 strategic planning cycle, along with new product launches, are delivering strong financial results, and our restructuring plan is on target.

We continue to return capital to shareholders through our share repurchase program.

We exceeded our financial expectations for the third quarter, and are increasing our non-GAAP EPS guidance to \$4.74 to \$4.82.



Q3 Financial Highlights

Worldwide Sales Growth*

+0.4%

Underlying sales growth reflects improving sales trends in our distribution businesses

Non-GAAP Diluted EPS**

\$1.22

Foreign currency exchange impact on our third quarter diluted EPS was unfavorable by approximately one cent versus the prior year

Global Dental Sales Growth

-1.6%

We believe we continued to steadily gain market share sequentially in our dental distribution business, and our dental equipment business is showing ongoing stability in North America and positive signs internationally

Implants & Biomaterials + Endodontic Products Sales Growth***

+4.2%

Excludes our orthodontic products as we are in the midst of restructuring this business as well as transitioning to the Smilers brand clear aligner

Global Technology/VAS Sales Growth

+5.1%

Sales of our practice management software and revenue cycle management products posted mid-single-digit growth

Global Medical Sales Growth

+2.9%

Driven by recent acquisitions in our Home Solutions business, we believe we continue to increase market share sequentially in our medical distribution businesses compared to the second quarter

Growth rates reflects year-over-year change compared to Q3 2023.

* Includes a 0.2% sales decrease resulting from foreign exchange rates and a 0.4% sales decrease from lower sales of PPE.

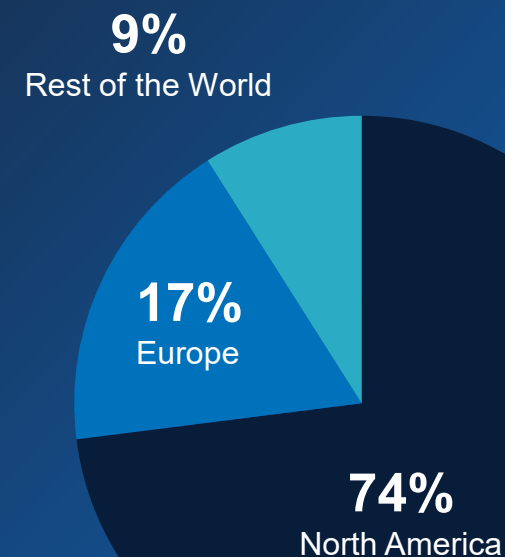
** Refer to slide 20 for our GAAP & Non-GAAP Reconciliation.

*** In local currencies.

Q3 2024 Consolidated Results*

<i>(in millions of USD except EPS)</i>	Q3 2024 (GAAP)	Q3 2023 (GAAP)	Q3 2024 (Non-GAAP)	Q3 2023 (Non-GAAP)
Total Sales	\$3,174	\$3,162	\$3,174	\$3,162
Operating Income	\$157	\$200	\$243	\$255
Operating Margin	4.94%	6.34%	7.64%	8.09%
Diluted EPS	\$0.78	\$1.05	\$1.22	\$1.32

BY GEOGRAPHY



⁵ *Refer to slide 20 for our GAAP & Non-GAAP Reconciliation.

Q3 2024 Worldwide Sales Summary

<i>(in millions of USD)</i>	Q3 2024	Q3 2023	y/y Δ	y/y LCI* Δ
Global Dental	\$1,852	\$1,882	-1.6%	-1.6%
Global Medical	1,101	1,070	2.9%	-4.8%
Global Technology/VAS	221	210	5.1%	-1.1%
Total Sales	\$3,174	\$3,162	0.4%	-2.6%













*LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Progress on BOLD+1 Strategic Priorities

Objective	Update
BUILD complementary software, specialty, and services businesses for high growth	<ul style="list-style-type: none">• Closed TriMed acquisition to enter the high-growth high-margin foot and ankle, hand and wrist segments of the orthopedic market• With Biotech Dental and S.I.N. Implant System acquisitions, became the #3 Dental Implant/Biomaterials business• #2 in Endodontics, supported by new product launches• Integrated AI solutions into Dentrix Ascend, including Detect AI powered and manufactured by VideaHealth, our proprietary embedded artificial intelligence product to assist dentists in their diagnosis of dental disease, and Dentrix Ascend Voice, powered by Bola AI, further strengthening our position as the #1 global dental software solution company• For the third quarter of 2024, our higher growth, higher margin business represented 15.1% of worldwide sales and over 40% of worldwide operating income
OPERATIONALIZE One Distribution to deliver exceptional customer experience, increased efficiency and sales growth	<ul style="list-style-type: none">• Acquired Shield Healthcare resulting in a \$300M Home Health platform• Acquired ABC Dental, a \$30M revenue full-service dental distributor in Switzerland• Ace and EdgeEndo product portfolios now marketed through the Henry Schein North America Distribution team• Implemented actions approved under the new 2024 restructuring plan to generate over \$50 million of annual run-rate-savings, thus far on track to generate annual run-rate savings of \$75 million to \$100 million by the end of 2025
LEVERAGE One Schein to broaden and deepen relationships with our customers and expand customer spend through our product portfolio	<ul style="list-style-type: none">• Aligned sales teams, successfully deepening our penetration of the DSO segment across specialty products and technology solutions• Providing solutions through the Large Practice Sales acquisition• Continue to broaden and deepen our relationships by leveraging One Schein and our combined platform in delivering synergies by helping our important customers to more comprehensively serve their patients
DRIVE digital transformation for our customers and for Henry Schein	<ul style="list-style-type: none">• GEP launched in the UK and Ireland• Integrated leading Nemotech clinical workflow software with Dentrix in the U.S.• Launched Dentrix Eligibility Pro that integrates claims eligibility data into practice management software, and Reserve With Google that enables consumers to make patient appointments directly from their Google business listing

+1 Creating Value For Our Stakeholders

Value Creation Through Focused M&A

Acquisition	Annual Revenue	Strategic Rationale	Expected Outcome	Expands complementary high-growth software, specialty and services businesses	Invests for growth in core distribution business
	\$52M	<ul style="list-style-type: none"> Strengthens relationship with existing Integrated Delivery Networks and Ambulatory Surgical Center customers 	<ul style="list-style-type: none"> Expand product offering and provide comprehensive orthopedic solutions to customers. 		
	\$106M	<ul style="list-style-type: none"> Expands dental implant, clear aligner business Acquired leading clinical workflow software offering 	<ul style="list-style-type: none"> Market leader in France Integrate digital workflow into PMS and extend to implant portfolio 		
	~\$5M	<ul style="list-style-type: none"> Expand range of value-added services to include PPO advisory services 	<ul style="list-style-type: none"> Provide key value-added services to customers 		
	\$44M	<ul style="list-style-type: none"> Expanded Medical business to Australia & New Zealand 	<ul style="list-style-type: none"> A market leader in fast-growing Australia & New Zealand markets 		
	\$65M	<ul style="list-style-type: none"> Expands dental implant to Brazil Ability to export value implants 	<ul style="list-style-type: none"> A market leader in Brazil Introduce FDA-approved value implant to the US 		
	\$40M	<ul style="list-style-type: none"> Develop leading large practice transitions brokerage business 	<ul style="list-style-type: none"> Provide strategic value-added service to DSO accounts 		
	\$180M	<ul style="list-style-type: none"> Expands business that deliver products directly to patients in their home and home health agencies 	<ul style="list-style-type: none"> Establish scale, with a focus on enteral, ostomy, incontinence, wound care and diabetes products 		

Balanced Capital Allocation Strategy

Disciplined Approach to Balance Sheet Management

\$644M YTD Operating Cashflow

2.8x Debt-to-EBITDA ratio as of September 28, 2024
Maintain investment grade balance sheet

\$455M Remaining share repurchase authorization as of 9/28/2024

Strong balance sheet provides flexibility to pursue attractive opportunities

Acquisitions

\$223M
Invested YTD

Return of Capital to Shareholders

\$310M
Repurchased YTD

Capital Expenditures

\$112M
Invested YTD

Financial Guidance – FY2024

Our 2024 total sales growth is now expected to be approximately 4% to 5% over 2023, versus our previous guidance of 4% to 6% growth.

We now expect non-GAAP diluted EPS to be in the range of \$4.74 to \$4.82, which compares with previous guidance of \$4.70 to \$4.82, and reflects growth of 5% to 7% compared with 2023 non-GAAP diluted EPS of \$4.50, as a result of better than expected results in Q3.

This guidance reflects an estimated non-GAAP effective tax rate of 25%.

Consistent with our prior guidance, our 2024 Adjusted EBITDA is expected to grow in the low double-digit percentages versus 2023 Adjusted EBITDA of \$984 million.

As of November 5, 2024*	Prior Guidance for Full Year 2024	Revised Guidance for Full Year 2024
Total Sales growth over 2023 Actuals	+4% to +6%	+4% to +5%
Adjusted EBITDA growth over 2023 Actuals	low double-digits	low double-digits
2024 Non-GAAP diluted EPS**	\$4.70 to \$4.82	\$4.74 to \$4.82

The Company is providing guidance for 2024 diluted EPS on a non-GAAP basis and for Adjusted EBITDA, as noted above. The Company is not providing a reconciliation of its 2024 non-GAAP guidance to its projected 2024 diluted EPS prepared on a GAAP basis, or its projected 2024 Adjusted EBITDA to net income prepared on a GAAP basis. This is because the Company is unable to provide without unreasonable effort an estimate of restructuring costs related to an ongoing initiative to drive operating efficiencies, including the corresponding tax effect, which will be included in the Company's 2024 diluted EPS and net income prepared on a GAAP basis. The inability to provide this reconciliation is due to the uncertainty and inherent difficulty of predicting the occurrence, magnitude, financial impact and timing of related costs.

Management does not believe these items are representative of the Company's underlying business performance. For the same reasons, the Company is unable to address the probable significance of the unavailable information, which could be material to future results.

*FY2024 Guidance is as of November 5, 2024 and should not be considered an update of guidance beyond that date. Guidance is for current continuing operations as well as acquisitions that have closed and does not include the impact of potential future acquisitions, restructuring and integration expenses, amortization expense of acquired intangible assets, contingent consideration revaluation adjustments, certain expenses directly associated with the cyber incident or any related insurance claim recovery. This guidance also assumes that foreign currency exchange rates remain generally consistent with current levels and that end markets remain consistent with current market conditions.

**Refer to slide 20 for GAAP & Non-GAAP Reconciliation.

Summary - Q3 2024

Raising FY24 non-GAAP EPS guidance from \$4.70 - \$4.82 to \$4.74 - \$4.82

Overall stable market conditions in Q3 and into October.

Business highlights include:

- steadily gaining market share sequentially compared to the second quarter in our dental and medical distribution businesses following last year's cyber incident.
- sales growth in our global dental equipment business, and mid-single-digit growth in implants, biomaterials, and endodontic products.
- acquisitions made during our 2022 to 2024 strategic planning cycle, along with product launches, are delivering strong financial results.

Actions approved under the new restructuring initiative estimated to provide over \$50 million in annual run-rate savings, and on target to achieve \$75 million to \$100 million annual run-rate savings by the end of 2025.

Strong YTD cashflow and we continue to return capital to shareholders through our share repurchase program.

Our BOLD+1 Strategic Plan is resulting in growth and efficiency throughout the business, and strong contribution from our high-growth, high-margin products and services. Specialties products, technology and value-added services businesses contributed over 40% of total non-GAAP operating income.

Appendix



Q3 2024 Worldwide Financial Results*

<i>(in millions of USD except EPS)</i>	Q3 2024 (Non-GAAP)	Q3 2023 (Non-GAAP)	y/y Δ
Total sales	\$3,174	\$3,162	0.4%
Gross profit	993	995	-0.2%
Gross margin	31.28%	31.47%	-19 bps
Operating expenses (Non-GAAP)**	750	740	1.5%
Operating income (Non-GAAP)**	\$243	\$255	-5.2%
Operating margin (Non-GAAP)**	7.64%	8.09%	-45 bps
Net income attributable to Henry Schein, Inc. (Non-GAAP)**	\$155	\$173	-10.8%
Earnings per share (Non-GAAP)**	\$1.22	\$1.32	-7.6%
Effective tax rate (Non-GAAP)**	24.9%	22.6%	

*Refer to slide 20 for our GAAP & non-GAAP Reconciliations.

**GAAP Results as follows:

Q3 2024: Operating expenses \$836, Operating income \$157, Operating margin 4.94%, Net income \$99, Earnings per share \$0.78, Effective tax rate 24.7%

Q3 2023: Operating expenses \$795, Operating income \$200, Operating margin 6.34%, Net income \$137, Earnings per share \$1.05, Effective tax rate 21.9%

Adjusted EBITDA

<i>(in millions of USD)</i>	Q3 2024	Q3 2023
Net Income attributable to Henry Schein, Inc. (GAAP)	\$99	\$137
Income attributable to noncontrolling interests	-	6
Net Income (GAAP)	99	143
Interest income	(7)	(6)
Interest expense	34	25
Income taxes	32	39
Depreciation and amortization	74	69
Restructuring costs	48	11
Cyber incident-insurance proceeds, net of third-party advisory expenses	(9)	-
Equity in earnings of affiliates, net of tax	(3)	(3)
Adjusted EBITDA (non-GAAP)	\$268	\$278

We define Adjusted EBITDA as net income, excluding (i) net income attributable to noncontrolling interests, (ii) interest income and expense, (iii) income taxes, (iv) depreciation and amortization, (v) restructuring costs, (vi) cyber incident-insurance proceeds, net of third-party advisory expenses, (vii) change in contingent consideration, (viii) litigation settlements, and (ix) equity in earnings of affiliates. Amounts may not sum due to rounding.

Q3 2024 Global Dental Sales Summary

<i>(in millions of USD)</i>	Q3 2024	Q3 2023	y/y Δ	y/y LCI* Δ
North America Dental Consumables	\$823	\$866	-5.0%	-4.9%
North America Dental Equipment	266	268	-0.6%	-0.3%
North America Dental	\$1,089	\$1,134	-3.9%	-3.8%
International Dental Consumables	\$601	\$599	0.3%	0.9%
International Dental Equipment	162	149	8.8%	5.6%
International Dental	\$763	\$748	2.0%	1.8%
Global Dental Consumables	\$1,424	\$1,465	-2.8%	-2.5%
Global Dental Equipment	428	417	2.8%	1.8%
Global Dental	\$1,852	\$1,882	-1.6%	-1.6%

¹⁵ *LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Q3 2024 Global Medical Sales Summary

<i>(in millions of USD)</i>	Q3 2024	Q3 2023	y/y Δ	y/y LCI* Δ
North America Medical	\$1,076	\$1,044	3.0%	-4.8%
International Medical	25	26	-4.7%	-5.9%
Global Medical	\$1,101	\$1,070	2.9%	-4.8%

16 *LCI reflects internally generated sales in local currencies excluding acquisitions from the prior twelve months.

Q3 2024 Technology/VAS Sales Summary

<i>(in millions of USD)</i>	Q3 2024	Q3 2023	y/y Δ	y/y LCI* Δ
North America Technology/VAS	\$190	\$185	2.3%	-3.1%
International Technology/VAS	31	25	25.4%	13.4%
Global Technology/VAS	\$221	\$210	5.1%	-1.1%

Q3 2024

Technology/VAS + Dental Specialty Sales Summary

<i>(in millions of USD)</i>	Q3 2024	Q3 2023	y/y Δ
Global Technology/VAS	\$221	\$210	5.1%
Global Dental Specialties*	258	259	-0.1%
Global Technology/VAS + Dental Specialties	\$479	\$469	2.2%
% of Total Sales	15.1%	14.8%	

*Dental Specialties consists of our Implants & Biomaterials, Orthodontics and Endodontics businesses and is included within our Health Care Distribution Segment.

Q3 2024 GAAP to Non-GAAP Income Statements

<i>(in millions of USD except EPS)</i>	Q3 2024 GAAP	Restructuring Costs	Acquisition Intangible Amortization	Cyber Incident Costs (Recovery)	Q3 2024 Non-GAAP
Total sales	\$3,174				\$3,174
Gross profit	993				993
Selling, general and administrative	724			9	733
Depreciation and amortization	64		(47)		17
Restructuring costs	48	(48)			-
Operating income	\$157	\$48	\$47	\$(9)	\$243
Net interest expense and other	(29)				(29)
Income before taxes	128	48	47	(9)	214
Income taxes	(32)	(12)	(12)	3	(53)
Equity in earnings of affiliates, net of tax	3				3
Net income	99	36	35	(6)	164
Less: Net income attributable to noncontrolling interests	-	(3)	(6)		(9)
Net income attributable to Henry Schein, Inc.	99	33	29	(6)	155
Earnings per share (Diluted)	\$0.78	\$0.26	\$0.22	(\$0.05)	\$1.22

GAAP & Non-GAAP Reconciliations

Q3 2024 Financial Highlights

Henry Schein, Inc.
Third Quarter 2024 Analyst Presentation
Q3 2024 - Financial Highlights
(in millions, except per share data)

	Reconciling Items														
	GAAP			Restructuring Costs		Acquisition Intangible Amortization		Cyber Incident-Insurance Proceeds, Net of Third-Party Advisory Expenses		Non-GAAP					
	Q3 2023	Q3 2024	Growth	2023	2024	2023	2024	2023	2024	Q3 2023	Q3 2024	Growth			
Net Sales	\$ 3,162	\$ 3,174	0.4%										\$ 3,162	\$ 3,174	0.4%
Operating Income	200	157	-21.8%	\$ 11	\$ 48	\$ 44	\$ 47	\$ -	\$ (9)				255	243	-5.2%
Operating Margin	6.34%	4.94%	(140) bps										8.09%	7.64%	(45) bps
Net Income	137	99	-27.8%	\$ 8	\$ 33	\$ 27	\$ 29	\$ -	\$ (6)				173	155	-10.8%
Diluted EPS	\$ 1.05	\$ 0.78	-25.7%	\$ 0.06	\$ 0.26	\$ 0.21	\$ 0.22	\$ -	\$ (0.05)				\$ 1.32	\$ 1.22	-7.6%

Notes: Amounts may not sum due to rounding.

This presentation includes both GAAP and non-GAAP financial results. Management believes that the non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable the comparison of financial results between periods where certain items may vary independently of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business. These non-GAAP financial measures are presented solely for informational and comparative purposes and should not be regarded as a replacement for corresponding similarly captioned GAAP measures.

GAAP & Non-GAAP Reconciliations

2023 Financial Highlights

Henry Schein, Inc.
Third Quarter 2024 Analyst Presentation
Full Year 2023 Financial Highlights
(in millions, except per share data)

	Reconciling Items															Non-GAAP		
	GAAP			Restructuring and Integration Costs		Acquisition Intangible Amortization		Cyber Incident-Third-Party Advisory Expenses		Impairment of Capitalized Assets		Impairment of Intangible Assets		Total Reconciling Items		2022	2023	Growth
	2022	2023	Growth	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023			
Net Sales	\$ 12,647	\$ 12,339	-2.4%											\$ -	\$ -	\$ 12,647	\$ 12,339	-2.4%
Operating Income	\$ 747	\$ 615	-17.7%	\$ 131	\$ 80	\$ 126	\$ 151	\$ -	\$ 11	\$ -	\$ 27	\$ 34	\$ 7	\$ 290	\$ 275	\$ 1,038	\$ 890	-14.2%
Operating Margin	5.91%	4.98%	(93) bps													8.20%	7.21%	(99) bps
Net Income	\$ 538	\$ 416	-22.7%	\$ 103	\$ 53	\$ 78	\$ 92	\$ -	\$ 8	\$ -	\$ 19	\$ 23	\$ 5	\$ 203	\$ 178	\$ 741	\$ 593	-20.0%
Diluted EPS	\$ 3.91	\$ 3.16	-19.2%	\$ 0.74	\$ 0.40	\$ 0.57	\$ 0.70	\$ -	\$ 0.06	\$ -	\$ 0.15	\$ 0.16	\$ 0.04	\$ 1.47	\$ 1.35	\$ 5.38	\$ 4.50	-16.4%

Notes: Amounts may not sum due to rounding.

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