



# Q1 Fiscal 2018 Earnings Conference Call

August 24, 2017



### **Cautionary Language Regarding Forward-Looking Statements**

This presentation contains certain forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are information of a non-historical nature and are subject to risks and uncertainties that are beyond Patterson's ability to control. Forward-looking statements generally can be identified by words such as "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. It is uncertain whether any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what impact they will have on the results of operations and financial condition of Patterson or the price of Patterson stock. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements, including but not limited to the other risks and important factors contained and identified in Patterson's filings with the Securities and Exchange Commission, such as its Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K, any of which could cause actual results to differ materially from the forward-looking statements. Any forward-looking statement in this presentation speaks only as of the date on which it is made. Except to the extent required under the federal securities laws, Patterson does not intend to update or revise the forward-looking statements.

### **Non-GAAP Financial Measures**

The Reconciliation of GAAP to non-GAAP Measures table appearing behind the accompanying financial information set forth in today's earnings release is provided to adjust reported GAAP measures, namely earnings, net income, and earnings per diluted share, for the impact of transaction related costs, deal amortization and integration and business restructuring expenses, along with the related tax effects of these items.

Management believes that these non-GAAP measures may provide a helpful representation of the company's first quarter performance, and enable comparison of financial results between periods where certain items may vary independent of business performance. 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.

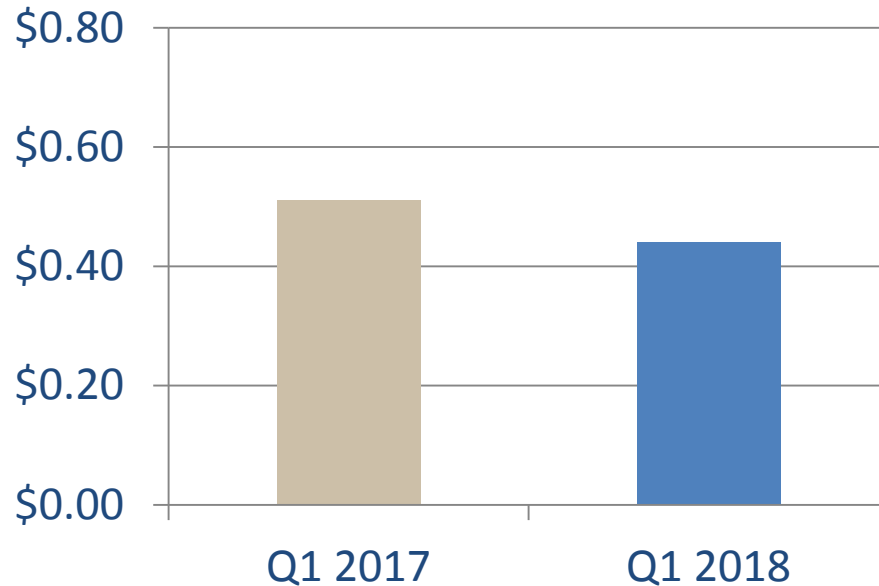
In addition, the term constant currency used in this presentation represents net sales adjusted to exclude foreign currency impacts. Foreign currency impact represents the difference in results that is attributable to fluctuations in currency exchange rates the company uses to convert results for all foreign entities where the functional currency is not the U.S. dollar. The company calculates the impact as the difference between the current period results translated using the current period currency exchange rates and using the comparable prior period's currency exchange rates. The company believes the disclosure of net sales changes in constant currency provides useful supplementary information to investors in light of significant fluctuations in currency rates.

### **First-Quarter Conference Call and Replay**

Investors can listen to a live webcast of the conference call at [www.pattersoncompanies.com](http://www.pattersoncompanies.com). The conference call will be archived on Patterson's website. A replay of the fiscal 2018 first-quarter conference call can be heard for one week at 800-585-8367 and by providing the Conference ID 68806367 when prompted.

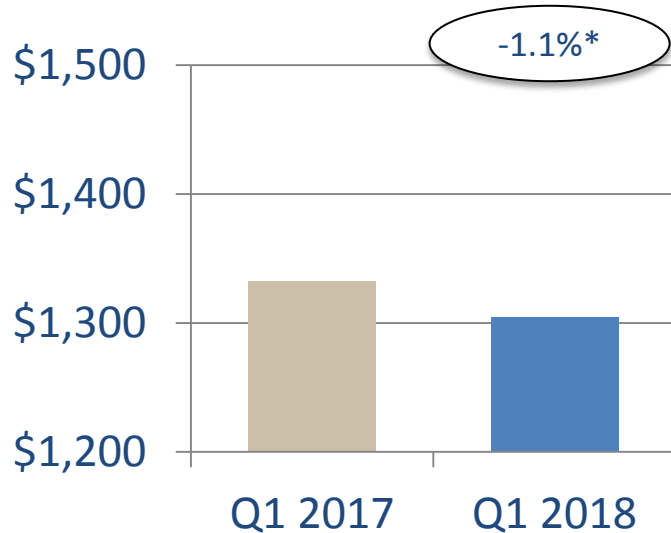
# First Quarter Fiscal 2018 Performance Summary

## Adjusted Earnings Per Diluted Share



# First Quarter Fiscal 2018 Performance Summary

## Consolidated Revenue (in millions)



\*On a constant currency basis

## Gross Profit Margin (as % of Revenue)

Q1 2017 – 23.8%  
Q1 2018 – 22.9%

-90 bps

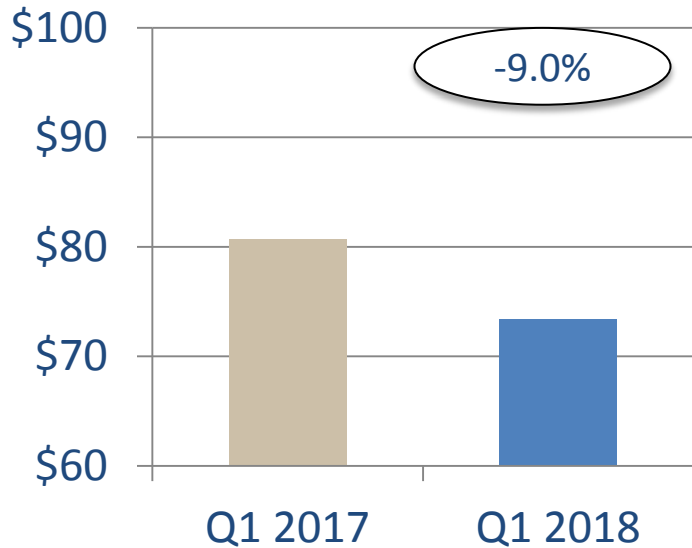
## Adjusted Operating Expenses (as % of Revenue)

Q1 2017 – 17.8%  
Q1 2018 – 17.3%

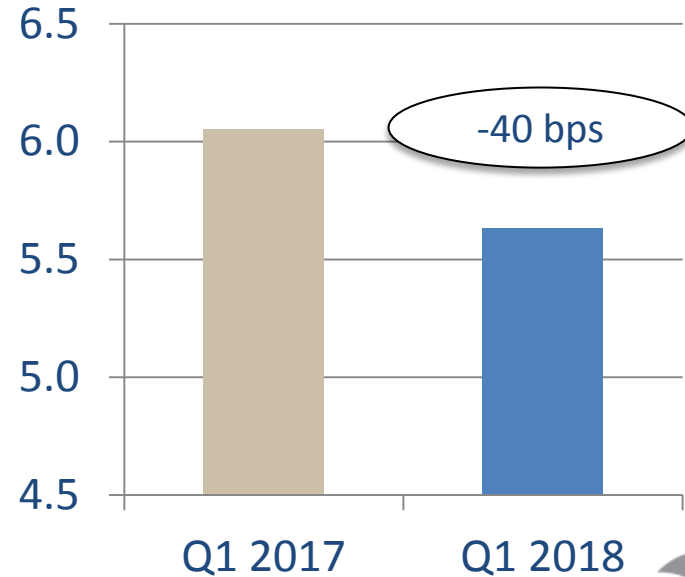
-50 bps

# First Quarter Fiscal 2018 Performance Summary

## Adjusted Operating Profit (in millions)



## Adjusted Operating Profit Margin (%)



# First Quarter Fiscal 2018 Performance Summary

(in millions)	Q1 2017	Q1 2018
Operating Cash Flow	(\$73)	(\$46)
Cap Ex	\$15	\$7
Free Cash Flow*	(\$88)	(\$53)

**0.8 million shares of common stock, with a value of \$38 million, were repurchased in Q1 2018**

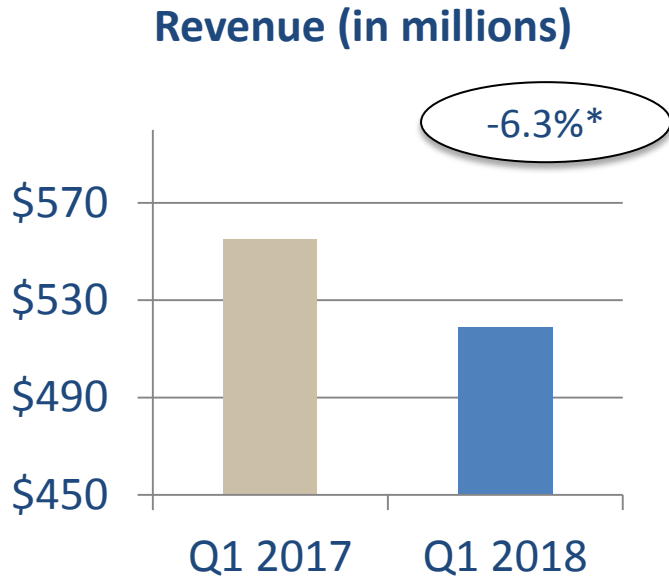
**Cash dividends of \$25 million were paid to shareholders in Q1 2018**

\*Free Cash Flow is defined as Operating Cash Flow less Cap Ex

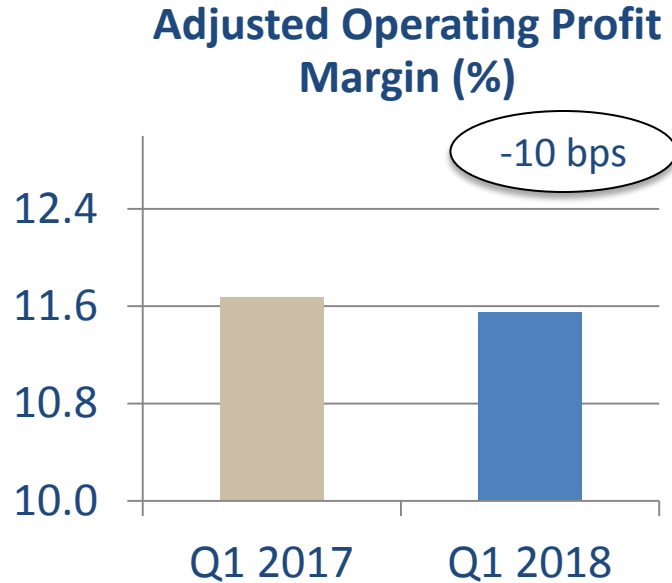


# First Quarter Fiscal 2018 Summary

## Patterson Dental Overview



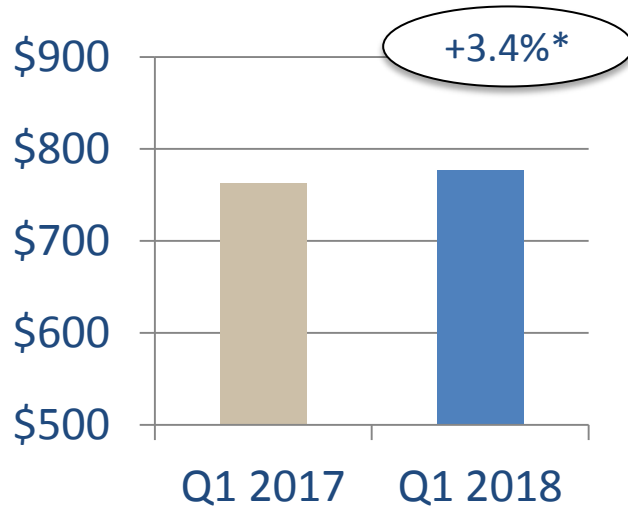
\*On a constant currency basis



# First Quarter Fiscal 2018 Summary

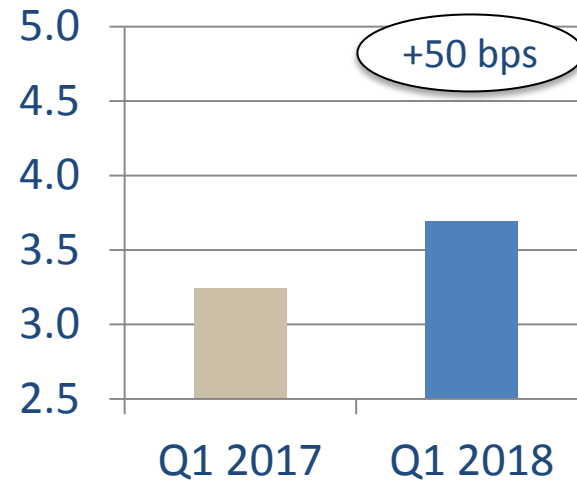
## Patterson Animal Health Overview

### Revenue (in millions)



\*On a constant currency basis

### Adjusted Operating Profit Margin (%)





# Fiscal 2018 Guidance

GAAP EPS: \$1.90 - \$2.05

Non-GAAP EPS: \$2.25 - \$2.40

Our non-GAAP adjusted earnings guidance excludes the after-tax impact of:

- Deal amortization expense of approximately \$25.3 million (\$0.27 per diluted share)
- Integration and business restructuring expenses of approximately \$5.4 million (\$0.06 per diluted share)

Our guidance:

- Is for current continuing operations as well as completed or previously announced acquisitions.
- Does not include the impact of potential future acquisitions or similar transactions, if any, or impairments and material restructurings beyond those previously publicly disclosed.
- Our guidance assumes North American and international market conditions similar to those experienced in FY 2017.



# Q1 Fiscal 2018 Earnings Conference Call

August 24, 2017

