



Q2 Fiscal 2017 Earnings Conference Call

November 22, 2016



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

This presentation contains certain non-GAAP financial measures. The tabular reconciliation appearing in our earnings release dated November 22, 2016 is provided to adjust reported GAAP measures, namely earnings from continuing operations, net income from continuing operations, and earnings per diluted share from continuing operations, for the impact of transaction-related costs, deal amortization, integration and business restructuring expenses, accelerated debt issuance costs, and the tax impact of cash repatriation. Management believes that these non-GAAP measures may provide a helpful representation of the company's current 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.

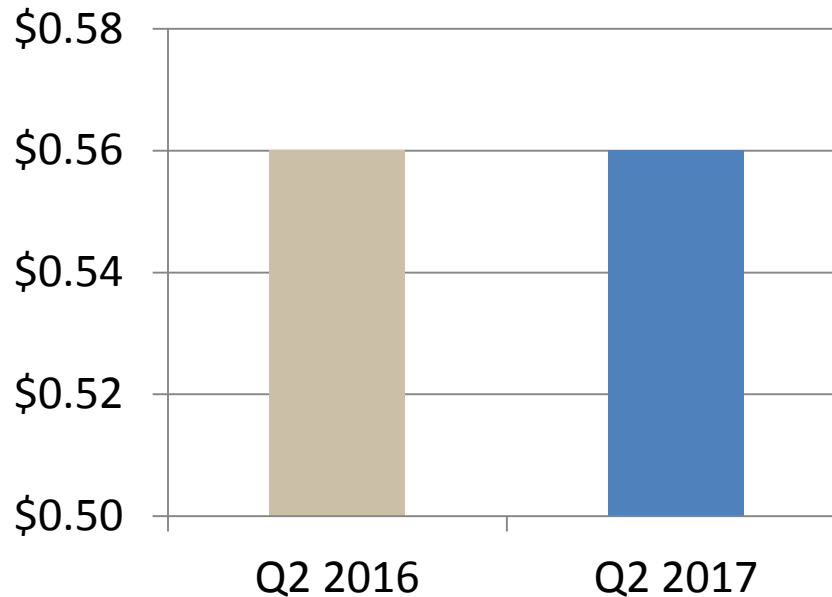
In addition, the term constant currency used in this presentation represents net sales adjusted to exclude foreign currency impacts. Foreign currency impact represents the difference in results that is attributable to fluctuations in currency exchange rates the company uses to convert results for all 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.

Discontinued Operations

On August 28, 2015, Patterson completed the sale of Patterson Medical to Madison Dearborn Partners for approximately \$717 million. Patterson Medical is classified and reported as discontinued operations for all periods presented.

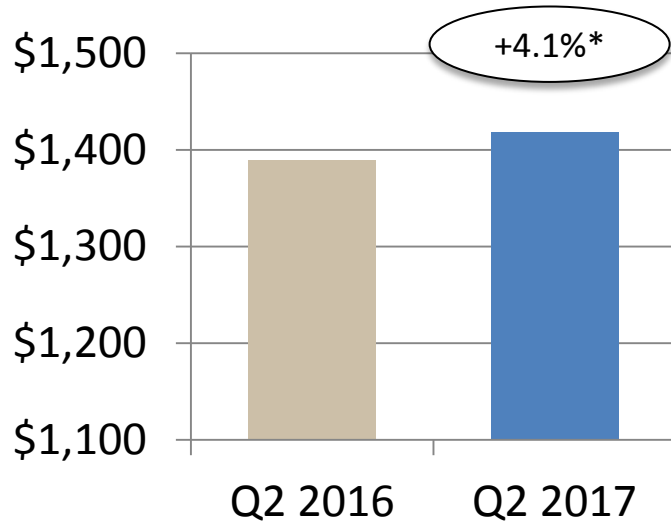
Second Quarter Fiscal 2017 Performance Summary

Adjusted Earnings Per Diluted Share From Continuing Operations



Second Quarter Fiscal 2017 Performance Summary

Consolidated Sales from Continuing Operations (in millions)



* On a constant currency basis

Gross Profit Margin from Continuing Operations (as % of Revenue)

Q2 2016 – 23.8 %

Q2 2017 – 22.5%

-130 bps

Adjusted Operating Expenses from Continuing Operations (as % of Revenue)

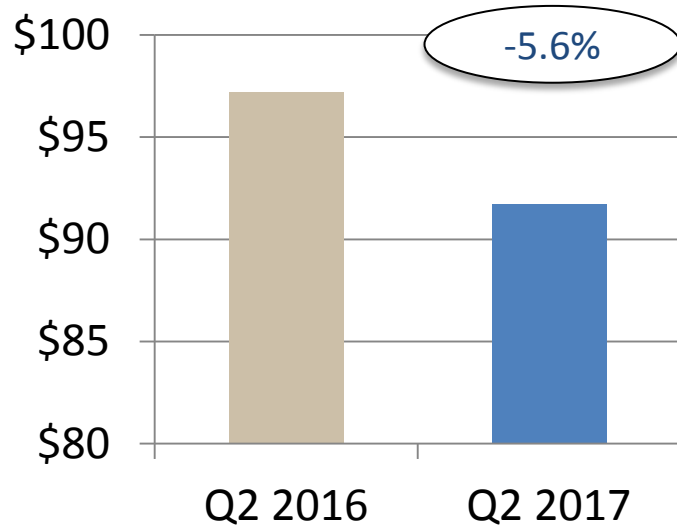
Q2 2016 – 16.8%

Q2 2017 – 16.0%

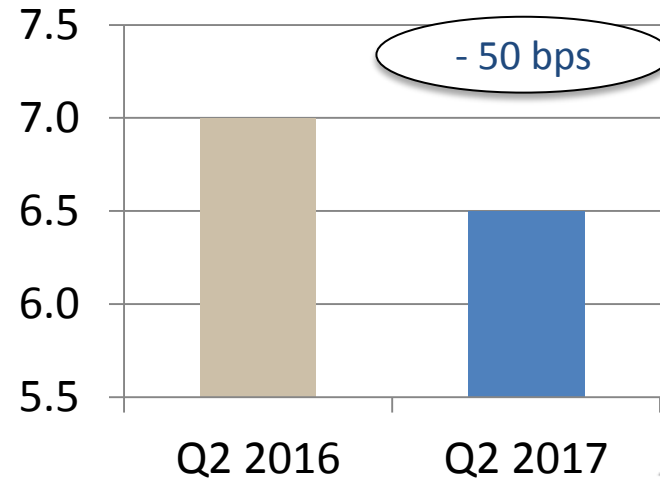
80 bps
improvement

Second Quarter Fiscal 2017 Performance Summary

**Adjusted Operating Profit
from Continuing Operations
(in millions)**



**Adjusted Operating Profit
Margin from Continuing
Operations (%)**



Second Quarter Fiscal 2017 Performance Summary

(From continuing operations – in millions)	QTD Q2 2016	QTD Q2 2017	YTD Q2 2016	YTD Q2 2017
Operating Cash Flow	(\$22)	\$17	(\$53)	(\$55)
Cap Ex	(24)	(14)	(41)	(29)
Free Cash Flow*	(\$46)	\$3	(\$94)	(\$84)

**0.5 million shares of common stock, with a value of \$25 million, were purchased in Q2 2017;
1.0 million shares of common stock, with a value of \$50 million, have been purchased YTD Q2 2017.**

**Cash dividends of \$23.5 million were paid to shareholders in Q2 2017;
Cash dividends of \$47.7 million have been paid to shareholders YTD Q2 2017.**

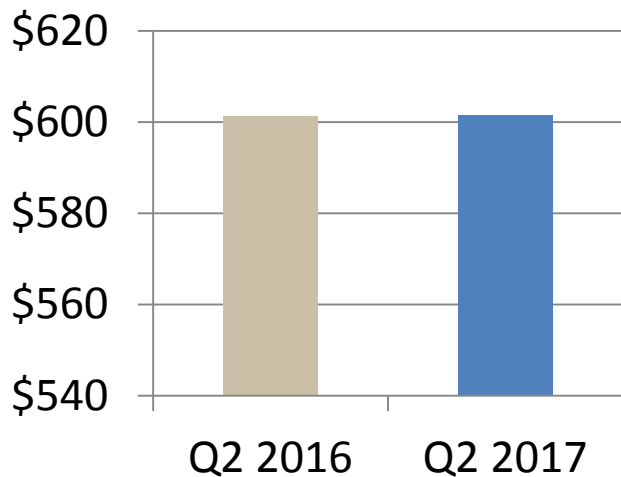
*Free Cash Flow is defined as Operating Cash Flow less Cap Ex



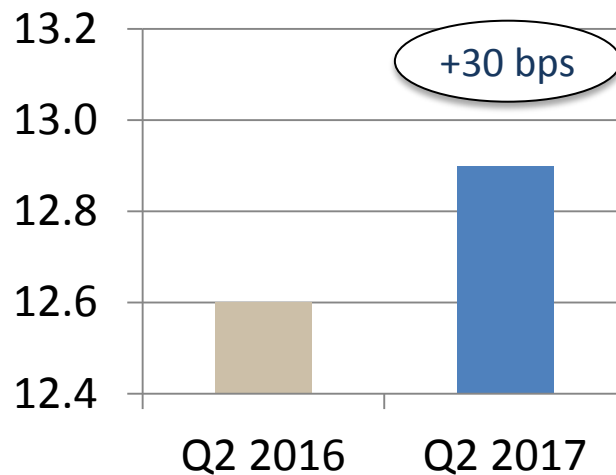
Second Quarter Fiscal 2017 Summary

Patterson Dental Overview

Revenue (in millions)



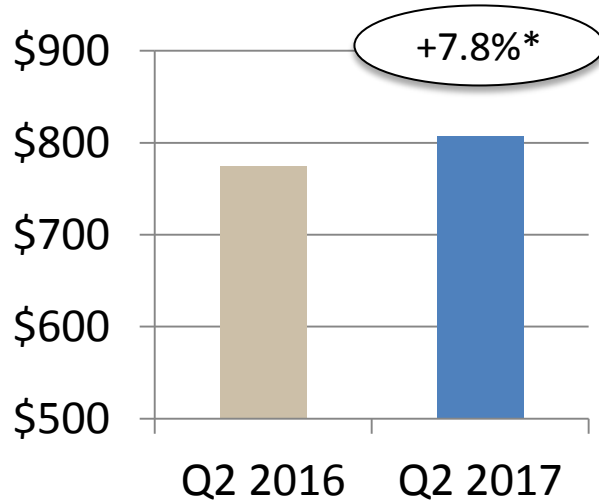
Adjusted Operating Profit Margin (%)



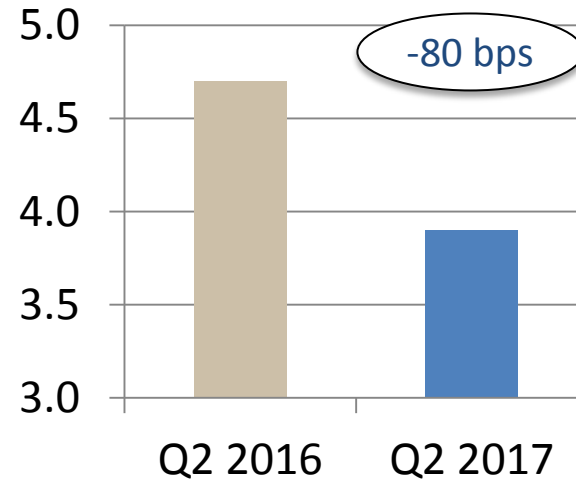
Second Quarter Fiscal 2017 Summary

Patterson Animal Health Overview

Revenue (in millions)



Adjusted Operating Profit Margin (%)



* On a constant currency basis

Fiscal 2017 Guidance from Continuing Operations

GAAP EPS: \$1.65 - \$1.75

Non-GAAP EPS: \$2.25 - \$2.35

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

- deal amortization expense of approximately \$27 million (\$0.28 per diluted share);
- non-cash impairment charges of approximately \$22 million (\$0.23 per diluted share);
- integration and business restructuring expenses of approximately \$6 million (\$0.06 per diluted share);
and
- transaction-related costs of approximately \$3 million (\$0.03 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,
- Assumes North American and international market conditions similar to those experienced in the first half of fiscal 2017,
- Includes the previously disclosed \$25 million pretax step-up in operating expense associated with the enterprise resource planning system implementation.



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