

Quarterly Financial Results

Q2 2012

Align Technology, Inc.



 **invisalign**[®] iTero[™] iOC[™] OrthoCAD[®]

Align Technology Q2 FY2012 Conference Call

- **Speakers:**

- Tom Prescott, president and CEO
- Ken Arola, vice president of finance and CFO

- **Moderator:**

- Shirley Stacy, vice president, corporate and investor communications

- **Replay and Web cast Archive**

- Telephone replay will be available through 5:30pm ET July 26, 2012
 - Domestic callers: 877-660-6853
 - International callers: 201-612-7415
 - Account # 292 and conference # 396846
- Audio web cast archive will be available at <http://investor.aligntech.com> for approximately 12 months

Safe Harbor and Forward Looking Statement

This presentation, including financial tables, contains forward-looking statements, including statements regarding certain business metrics for the second quarter of 2012, including anticipated net revenue, gross margin, operating expense, operating income, earnings per share, case shipments and cash. Forward-looking statements contained in this news release and the tables below relating to expectations about future events or results are based upon information available to Align as of the date hereof. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict. As a result, actual results may differ materially and adversely from those expressed in any forward-looking statement. Factors that might cause such a difference include, but are not limited to, difficulties predicting customer and consumer purchasing behavior, the willingness and ability of our customers to maintain and/or increase utilization in sufficient numbers, the possibility that the development and release of new products does not proceed in accordance with the anticipated timeline, the possibility that the market for the sale of these new products may not develop as expected, the risks relating to Align's ability to sustain or increase profitability or revenue growth in future periods while controlling expenses, growth related risks, including capacity constraints and pressure on our internal systems and personnel, our ability to successfully achieve the anticipated benefits from the acquisition of Cadent Holdings, Inc., continued customer demand for our existing and new products, changes in consumer spending habits as a result of, among other things, prevailing economic conditions, levels of employment, salaries and wages and consumer confidence, the timing of case submissions from our doctors within a quarter, acceptance of our products by consumers and dental professionals, foreign operational, political and other risks relating to Align's international manufacturing operations, Align's ability to protect its intellectual property rights, continued compliance with regulatory requirements, competition from existing and new competitors, Align's ability to develop and successfully introduce new products and product enhancements, and the loss of key personnel. These and other risks are detailed from time to time in Align's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, its Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which was filed with the Securities and Exchange Commission on February 29, 2012. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Q2 FY2012 Overview

Tom Prescott
President and CEO

Q2 FY2012 Financial Highlights

- Another great quarter for Align and pleased to report strong results for revenue, operating margin and EPS – all better than our outlook.
- Strong Invisalign volume grew across all products, customer channels, and geographies reflecting continued increased Invisalign utilization.
- Scanner and CAD/CAM services business in North America also grew nicely this quarter and continues to exceed our expectations, while scanner sales in Europe remain challenging and our disappointing results there continue.

	Total	Invisalign Clear Aligners		Scanner & CAD/CAM
	\$145.6M	\$133.7M	95,280 _{cases}	\$11.9M
<i>QoQ</i>	+7.8%	+8.4%	+11.7%	+1.8%
<i>YoY</i>	+21.3%	+17.6%	+25.3%	n/a

Q2 FY2012 Invisalign Performance

Highlights

	Invisalign Shipments	Q/Q	Y/Y
Worldwide	95,280	+11.7%	+25.3%
NA Ortho	35,420	+9.9%	+24.2%
NA GP	37,265	+12.8%	+21.3%
International	22,595	+13.1%	+34.6%

- Invisalign Full and Invisalign Express, which includes Invisalign Express 5 launched last quarter, drove sequential and year over year growth.
- Invisalign Express 5, our five-stage aligner offering is hitting the right value point in the market and getting some traction with patients who want to correct a little crowding or spacing, but believe current comprehensive orthodontic treatment is too expensive for minor correction.
- Primarily seeing Invisalign Express 5 usage from our more experienced customers, both Orthos and GPs and is helping them treat more patients and expand the market.

Q2 FY2012 Invisalign Geographic Performance

North America

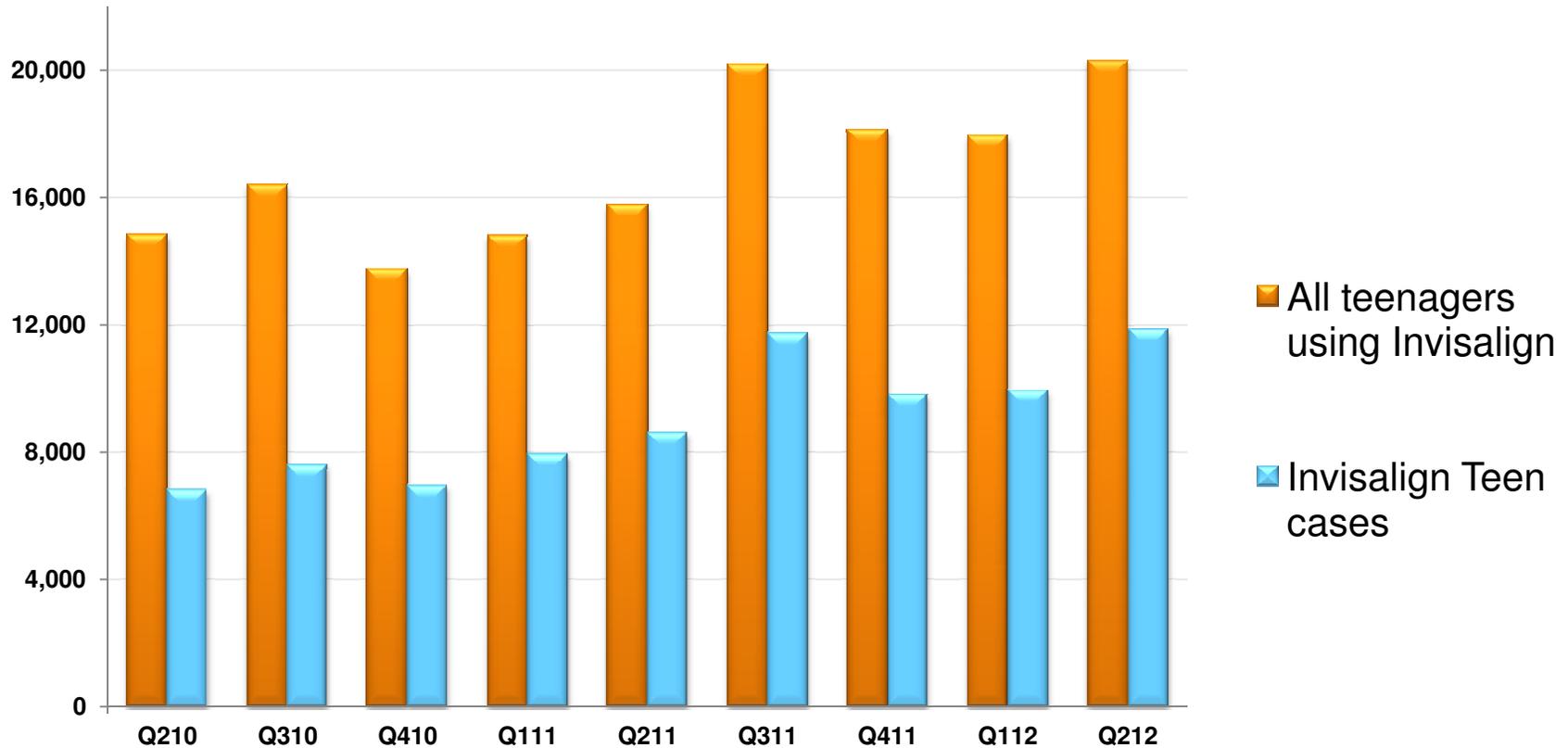
- **N.A. Orthodontists: 35,420 Invisalign Shipments, +10% Q/Q, +24% Y/Y**
 - Increase driven primarily from increased utilization of all Invisalign products. We believe utilization growth is a result of improved product efficacy from new features and functionality in Invisalign G4, as well as increased patient demand for Invisalign from our consumer marketing initiatives.
 - Good growth in the Invisalign Teen product, reflecting our continued progress in the overall teenage orthodontic segment.

- **N.A. GP Dentists: 37,265 Invisalign Shipments, +13% Q/Q, +21% Y/Y**
 - Another record number of GP submitters combined with an increase in product utilization as our base of GP customers continues to expand and their use of Invisalign increased across the board.
 - Invisalign Express was up nicely for our GP customers, reflecting the recent launch of Invisalign Express 5.

Q2 FY2012 Teenage Orthodontic Segment

- Q2 was a strong quarter for teenagers using Invisalign
 - 20,315 teenage cases or 21% of WW volume, +13% Q/Q, +29% Y/Y
 - Nice increase from the same quarter last year when total teenagers grew 7% sequentially and 6% year over year.
- 11,860 Invisalign Teen product cases or 12% of WW volume, +19% Q/Q, +38% Y/Y
- Invisalign Teen/Vivera Retainer promotion
 - Both Orthos and some GPs took advantage of the Invisalign Teen/Vivera Retainer promotion in Q2, which includes a free Vivera Retainer subscription for every Invisalign Teen case.
 - Objective with the promotion is to drive penetration of Invisalign in the teenage orthodontic segment during the summer and generate broader trial and use of Vivera Retainers.
 - In Q311 when we first offered the Teen/Vivera promotion, we saw a strong uptick in Invisalign Teen cases and since then, the doctors who participated in the promotion have subsequently continued to grow their case volumes consistently through Q2 12. In addition, Vivera Retainer volume has accelerated steadily as well.
 - Given the success we saw last year in case volume and doctor behavior, we kicked off the promo off in May, a month earlier than last year in order to have for the entire summer season.

Q2 FY2012 Teenage Orthodontic Segment



Q2 FY2012 Invisalign Geographic Performance

International

- **International Doctors: 22,595 Invisalign Shipments, +13% Q/Q, +35% Y/Y**
 - Growth driven primarily by growth in our direct business in Europe as well as by continued strong performance by our APAC distributor.
- **Europe had good growth across all countries led by the UK.**
 - Launched Invisalign i7 in the UK, a seven-stage aligner offering for minor crowding or spacing. Much like Invisalign Express 5 in North America, Invisalign i7 increases the treatment options for doctors, with a cost effective product that is specifically designed for minor tooth movement.
 - Invisalign Teen grew nicely this quarter in Europe and has begun to gain traction in the teenage market, albeit off of a small base.
- **China and Japan had very nice growth**
 - One-year anniversary of our commercial launch in China
 - Successfully executing our focused strategy of working in the top four cities with KOLs and leading orthodontists
 - Launched Invisalign Full and Invisalign Teen in China
 - Gaining access to the pricing system of numerous Public University Hospitals including 6 major Public Hospitals
 - Interest in Invisalign is high and we remain very optimistic about the long term growth opportunity in China
- **International distributor growth continues to be driven by our APAC partner.**
 - Other partners in EMEA and Latin America are doing well and continue to expand their customer base and drive for utilization growth.
 - Invisalign distribution partners represent an important long term growth lever, but are only ~3% of total WW revenue.

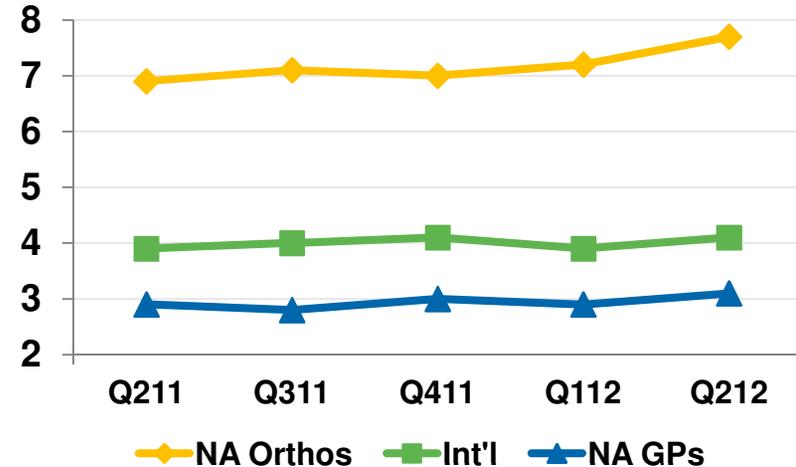
Q2 FY2012 Invisalign Adoption Metrics

Doctor Utilization and Training

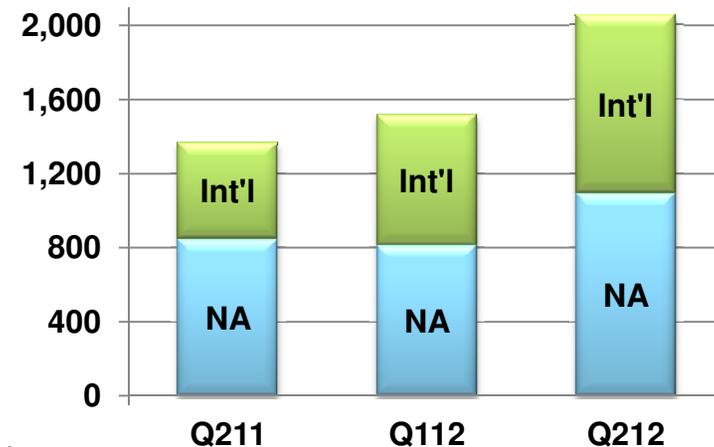
- Total utilization was 4.3 cases per doctor
 - N.A. Orthodontists 7.7 cases/doc
+7% Q/Q, +13% Y/Y
 - N.A. GP Dentists 3.1 cases/doc
+6% Q/Q, +7% Y/Y
 - International 4.1 cases/doc
+5% Q/Q, +5% Y/Y
- 2,055 new Invisalign-trained doctors
 - 1,090 North America
 - 965 International
 - As expected, we trained more GPs this quarter, typical for us as we offer fewer CE1 courses in Q1

Utilization = # of cases shipped/# of doctors to whom cases were shipped

Average Channel Utilization



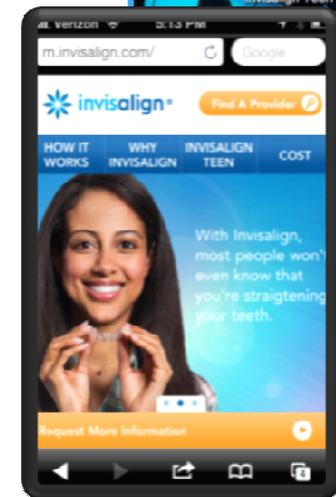
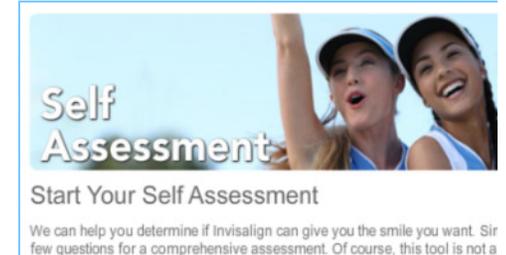
Quarterly Doctors Trained Worldwide



Consumer Demand Strategy

Q2 12 Program Highlights – North America

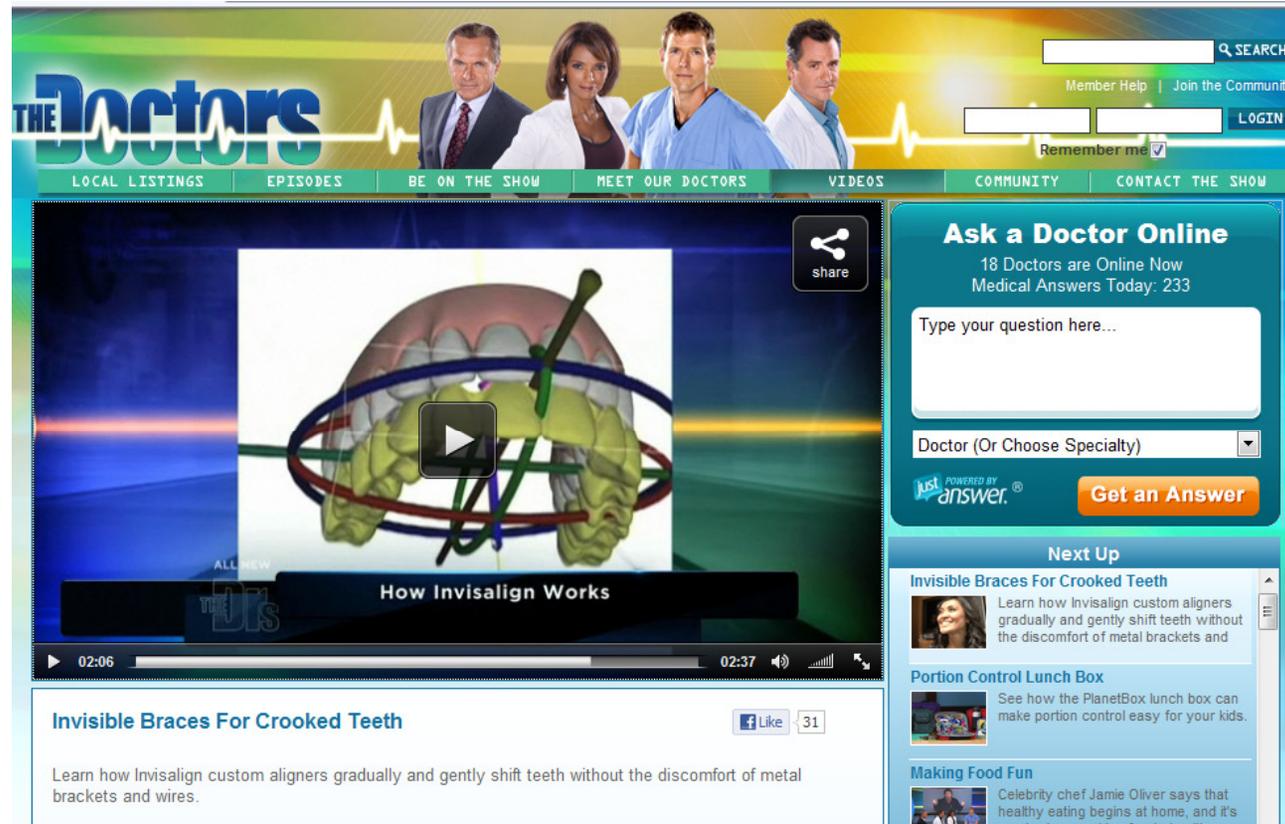
- Goal to raise awareness of Invisalign and Invisalign Teen as the best option for a healthy, beautiful smile among adults-- as well as teens and their parents, especially moms
- Consumer web site
 - Nearly 3 million visitors to Invisalign.com to date this year, up 40% from the same period in 2011
 - Web site leads are up 45% from this time last year and we continue to see increasing traffic from mobile device users, particularly when our ads are on TV.
 - Launched the Invisalign.com mobile site at the end of June optimized for mobile visitors
- Media and Events:
 - Running our “Twins” TV commercials to reach moms and teens. We’ll be on-air with these commercials through the end of August, with a break during the Olympics at the end of July.
 - Second year sponsoring Radio Disney’s Next Big Thing Tour. Began running Radio Disney spots in Q2 and officially kicked off this year’s tour on July 1st in the Chicago market and with the online launch of the Disney-Invisalign Teen “Straight Up Celebration Sweepstakes”
- Public relations:
 - Recent segment on the CBS daytime talk show “The Doctors.” The segment, which featured an Invisalign patient and her doctor talking about treatment, reached the show’s audiences of more than 3 million viewers



Consumer Demand Strategy

Invisalign Segment Featured on “The Doctors”

Invisalign segment featured July 10th on the daytime talk show “The Doctors”



The screenshot shows the website for the TV show "The Doctors". At the top, there is a navigation bar with the show's logo and a search bar. Below the navigation bar, there is a video player titled "How Invisalign Works" with a play button and a share icon. To the right of the video player is an "Ask a Doctor Online" section with a text input field, a dropdown menu for "Doctor (Or Choose Specialty)", and a "Get an Answer" button. Below the video player, there is a social media section for "Invisible Braces For Crooked Teeth" with a "Like" button and a count of 31. The video player also has a progress bar and a timestamp of 02:06.

“Hide It, Fix It, Flaunt It” episode aired July 10, 2012

Search “Invisible Braces for Crooked Teeth” on show site or go to
<http://thedoctorstv.com/videolib/init/7015>

Consumer Demand Strategy

Q2 12 Program Highlights – International

- Over the past few years we've also been laying the foundation for direct to consumer advertising in appropriate markets in Europe.
- Given these economic times, it may seem counter-intuitive, but it's really an opportune time to establish our brand, build awareness, and get placements at a lower cost.
- Implement programs in select country markets
 - TV advertising in Spain
 - Integrated marketing campaign around our sponsorship of the UK version of "The Bachelor" TV show
 - Continued success of the "The Right Bite" campaign in Germany featuring former football star Matthias Sammer
- Combined with public relations and digital marketing activities across the EU markets, all of these integrated marketing elements are designed to help raise awareness of Invisalign as the best treatment option in this very underpenetrated market.



Scanner and CAD/CAM Services

Q2 12 Performance

- Scanner and CAD/CAM Services revenues of \$11.9M, compared to \$11.8M in Q1 12
 - Scanner revenues of \$6.0M, compared to \$5.4M in Q1 12
 - CAD/CAM Services revenues of \$5.9M, compared to \$6.4M in Q1 12
 - Reflects strong N.A. scanner sales, offset by lower service revenue and international scanner sales.
- North America
 - Gaining leverage from the combined efforts of our scanner and Invisalign sales team especially at major Invisalign events including the AAO and several customer Forums held across the U.S this quarter primarily for GP dentists.
 - Terrific progress in North America – almost good enough to offset some of the performance gap in Europe.
- Europe
 - Not satisfied with our execution or results in this area and are working to remedy the situation. Given these challenges, over the near-term we are not expecting any significant improvement from our scanner and CAD/CAM services business in this region.
- Update on New Jersey consolidation
 - Majority completed, closed most of the gaps in scanner customer service, technical support, and delivery that I mentioned last quarter -- which were felt most acutely by legacy iTero customers.
 - Our continued evolution in hardware and software applications, along with our maturing customer support resources, will take care of any remaining matters over the next quarter or so.



Scanner and CAD/CAM Services

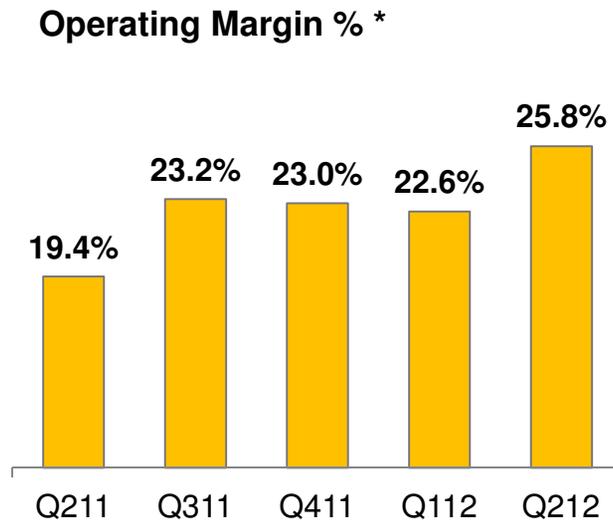
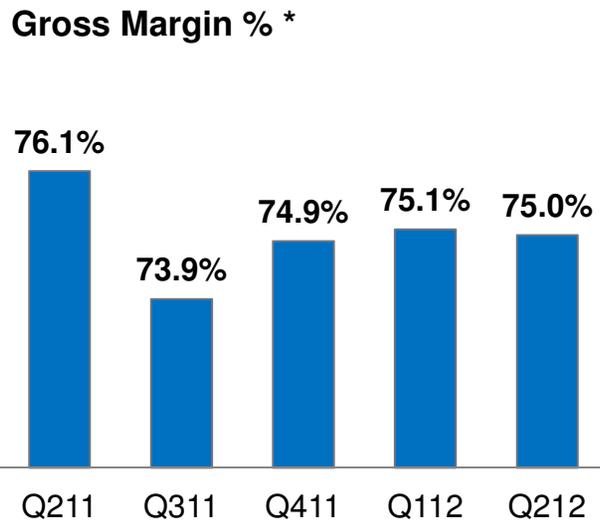
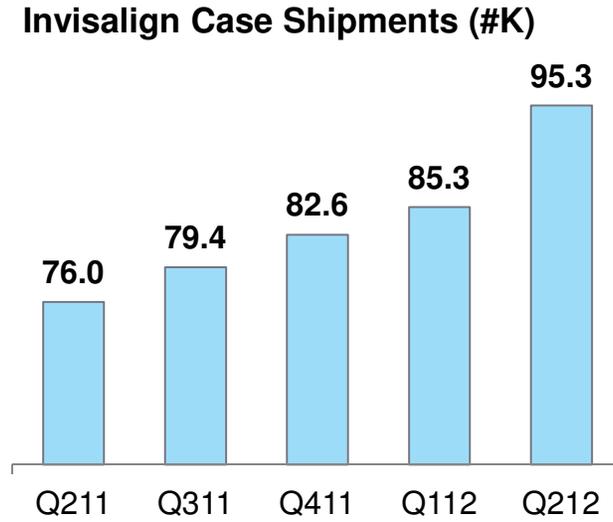
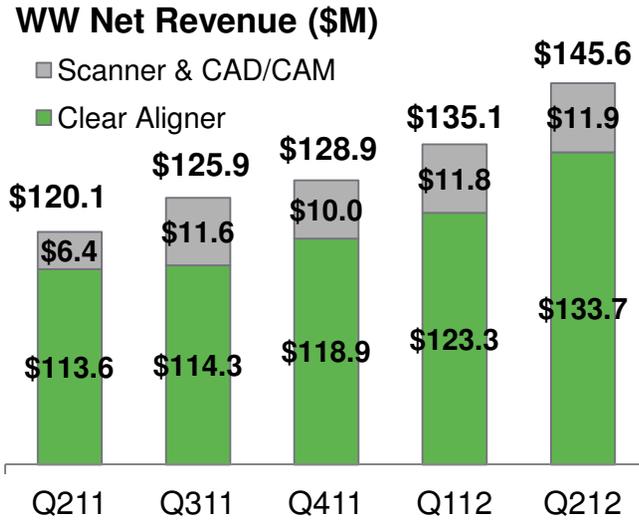
- As our strategy evolves, our near term focus is on maximizing Invisalign leverage – both in driving new scanner sales as well as increasing adoption and utilization of Invisalign.
- Invisalign interoperability
 - Have seen digital impressions begin to replace traditional PVS impressions
 - As of Q2, 12.8% of North American cases we submitted with an IOS digital impression from an iTero or iOC scanner - instead of a PVS impression. This is an increase from 9.2% last quarter and 5.9% in Q4'11
 - The trend towards accelerating digitization is very positive, as Invisalign is one of the very few treatment modalities in dentistry that relies fully upon digital technologies.
- As we invest and accelerate product development, we will launch high value applications like the Outcome Simulator, expected later this year, along with even more applications to follow.
- We know what's working well in the scanner business -- we see it every day in North America and we have an opportunity to replicate that success elsewhere. We're committed to investing the time and resources needed, and know we can get things back on track in Europe.



Q2 FY2012 Financial Review

Ken Arola
Vice President, Finance and CFO

Q2 FY2012 Trended Financials



* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

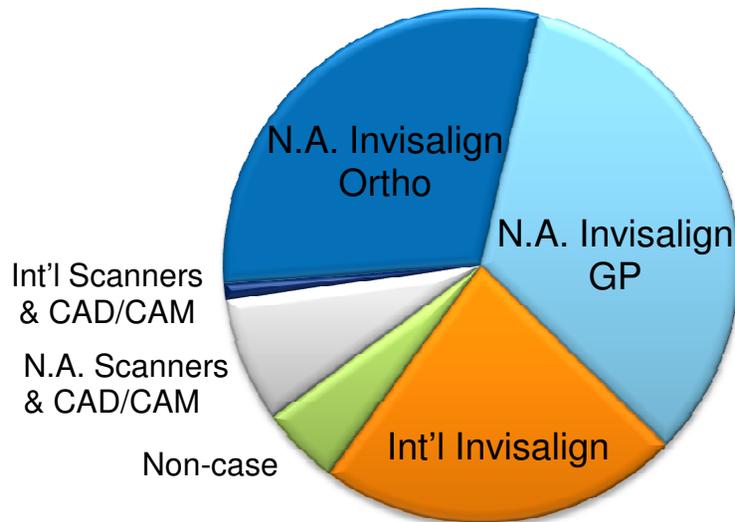
A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Q2 FY2012 Revenue by Geography and Products

Q2 12 Worldwide Revenue: \$145.6M

Geography Mix

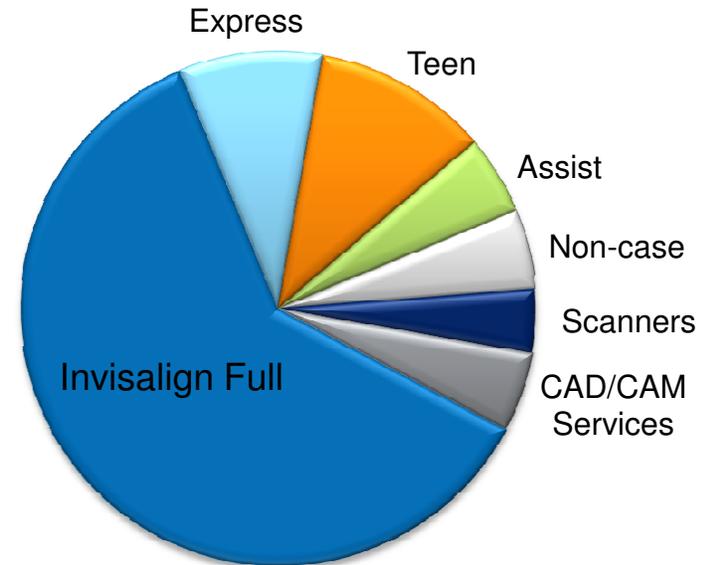
N.A. Invisalign Ortho: 30% • + 5% Q/Q • + 18% Y/Y	N.A. Invisalign GP: 34% • + 9% Q/Q • + 15% Y/Y	International Invisalign: 23% • + 11% Q/Q • + 18% Y/Y
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Int'l Scanner & CAD/CAM: 0.1% • (68%) Q/Q	N.A. Scanner & CAD/CAM: 8% • + 6% Q/Q	Invisalign Non-case: 5% • + 15% Q/Q • + 30% Y/Y
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Product Mix

Full: 61% • + 8% Q/Q • + 16% Y/Y	Express: 10% • + 16% Q/Q • + 23% Y/Y	Teen: 11% • + 8% Q/Q • + 28% Y/Y	Assist: 5% • + 1% Q/Q • + 2% Y/Y
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Invisalign Non-case: 5% • + 15% Q/Q • + 30% Y/Y	Scanner: 4% • + 13% Q/Q	CAD/CAM Services: 4% • (7%) Q/Q
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Q2 FY2012 Invisalign Shipments by Geography and Product

Q2 12 Invisalign Case Shipments: 95,280

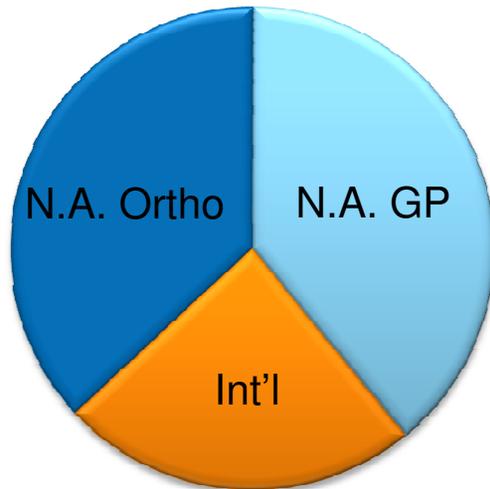
Channel Mix

N.A. Ortho: 37%

- + 10% Q/Q
- + 24% Y/Y

N.A. GP: 39%

- + 13% Q/Q
- + 21% Y/Y



Int'l: 24%

- + 13% Q/Q
- + 35% Y/Y

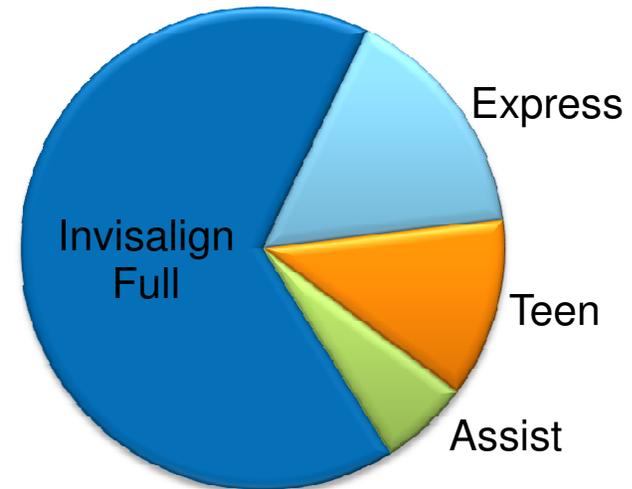
Product Mix

Full: 66%

- + 9% Q/Q
- + 22% Y/Y

Express: 16%

- + 19% Q/Q
- + 35% Y/Y



Teen: 12%

- + 19% Q/Q
- + 38% Y/Y

Assist: 6%

- + 5% Q/Q
- + 12% Y/Y

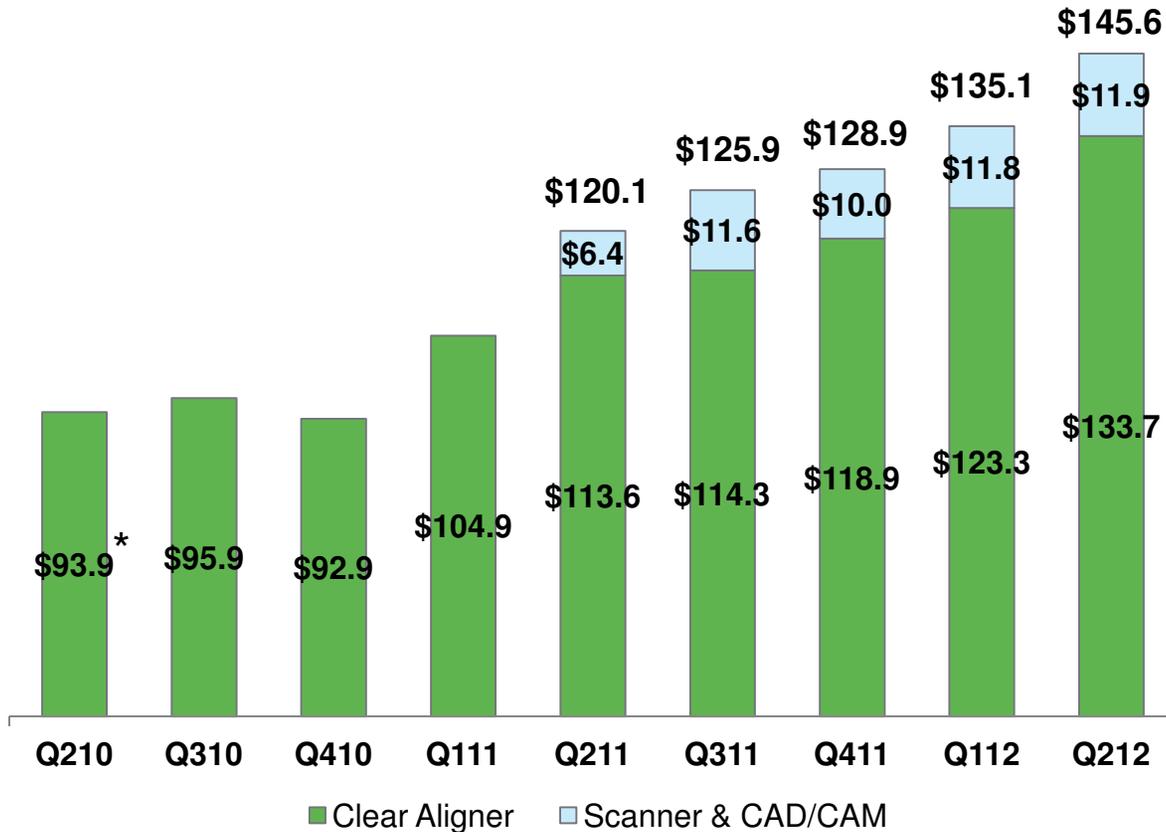
Q2 FY2012 Income Statement Highlights

	Q2 12	Q1 12	Sequential Change	Q2 11	Year/Year Change
Revenue	\$145.6M	\$135.1M	7.8%	\$120.1M	21.3%
Gross Margin	74.7%	74.6%	0.1% pts	75.9%	(1.2%) pts
Non-GAAP Gross Margin	75.0%	75.1%	(0.1%) pts	76.1%	(1.1%) pts
Operating Expenses	\$72.8M	\$72.8	0.0%	\$74.5M	(2.4%)
Non-GAAP Op Exp	\$71.6M	\$71.1M	0.6%	\$68.1M	5.2%
Operating Margin	24.7%	20.7%	4.0% pts	13.8%	10.9% pts
Non-GAAP Op Margin	25.8%	22.4%	3.4% pts	19.4%	6.4% pts
GAAP EPS, diluted	\$0.34	\$0.26	\$0.08	\$0.14	\$0.20
Non-GAAP EPS, diluted	\$0.34	\$0.27	\$0.07	\$0.20	\$0.14
EBITDA	\$40.8M	\$31.1M	31.3%	\$20.9M	95.4%
Adjusted EBITDA	\$41.3M	\$32.2M	28.2%	\$26.8M	54.2%

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com> under Financial Information > Quarterly Results for each respective quarter.

Revenue Trend

\$M



Q2 12 Revenue Highlights

- Revenues of \$145.6M
 - +7.8% Q/Q, + 21.3% Y/Y
- Invisalign revenues of \$133.7M
 - +8.4% Q/Q, + 17.6% Y/Y
- Q/Q Invisalign increase driven by volume growth in all channels and products. This was partially offset by lower Invisalign ASPs resulting from Advantage Rebates, promotional activity, product mix and to a lesser extent foreign exchange rates.
- Y/Y Invisalign revenue growth was driven by volume increases in all channels and products.

* Non-GAAP

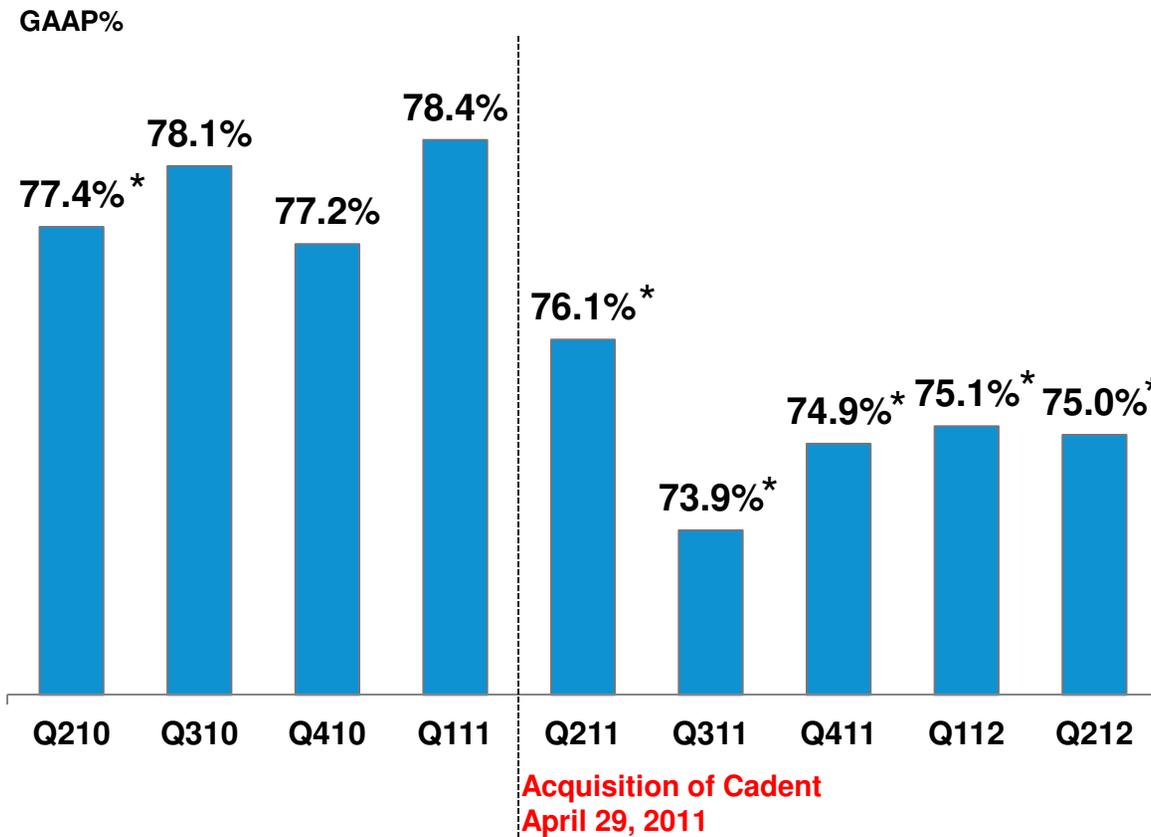
Q2 11 only includes 2 months of Scanner and CAD/CAM Services

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Gross Margin Trend



Q212 Gross Margin Highlights

- GAAP gross margin was \$108.8M or 74.7%.
 - + 0.1% pts Q/Q, (-1.2% pts) Y/Y
 - Invisalign: 79.0%
 - Scanners & CAD/CAM Services: 26.6%
- Non-GAAP gross margin of \$109.2M or 75.0%
 - (0.1%) pts Q/Q, (-1.1%) pts Y/Y
 - Invisalign: 79.0%
 - Scanners & CAD/CAM Services: 30.3%
- Q/Q benefit from increased Invisalign volume were offset by lower ASPs.
- Includes stock based compensation expense of \$0.5M

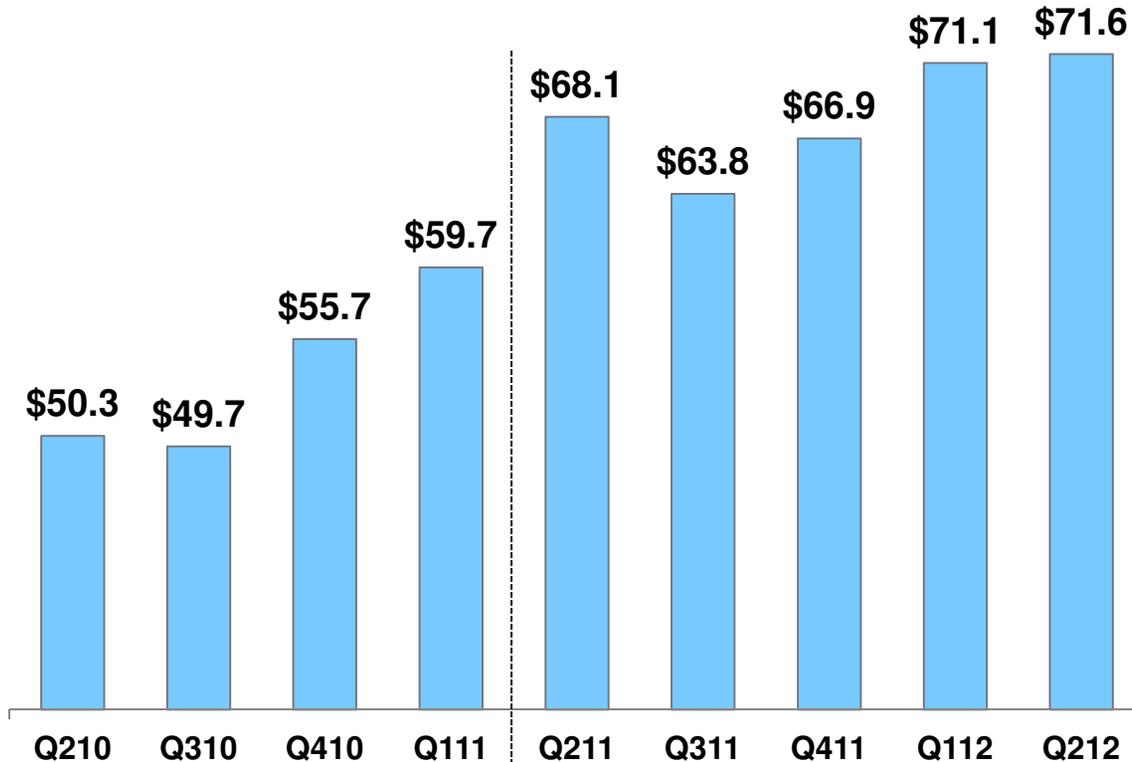
* Non-GAAP

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Operating Expense Trend

\$M
Non-GAAP



**Acquisition of Cadent
April 29, 2011**

Q2 12 Op Ex Highlights

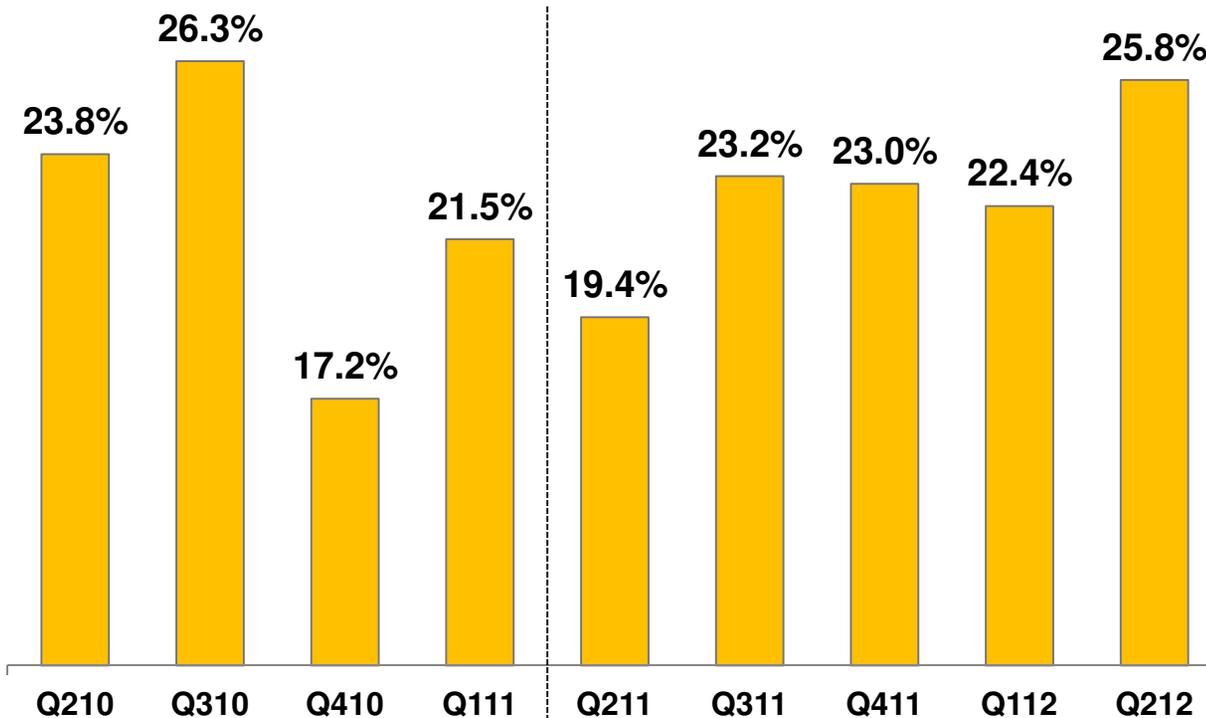
- GAAP operating expense was \$72.8M
- Non-GAAP operating expenses were \$71.6M
 - + 0.6% Q/Q, + 5.2% Y/Y
- Q/Q remained relatively flat and reflects a sequential increase in media spend to get in front of the teenager summer season, offset by lower compensation-related expense, consulting expenses, and deferred headcount.
- Includes stock-based compensation expense of \$4.8M

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

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Operating Margin Trend

Non-GAAP %



**Acquisition of Cadent
April 29, 2011**

Q2 12 Non-GAAP Operating Margin Highlights

- Non-GAAP operating income was \$37.6M
- Non-GAAP Operating Margin 25.8%
 - + 3.4% pts. Q/Q
 - + 6.4% pts. Y/Y

* Non-GAAP

Q2 11 only includes 2 months of Scanner and CAD/CAM Services

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Balance Sheet Highlights

	Q2 12	Q1 12	Q2 11
Cash, Cash Equivalents, & Marketable Securities	\$304.0M	\$257.2M	\$179.5M
Cash Flow from Operations	\$27.3M	\$15.4M	\$29.7M
DSOs	63 days	63 days	62 days

3 to 5 Year Financial Model Targets

	Q2 12 Actual	Q2 11 Actual	3 – 5 Year Model
Revenue CAGR%			15 - 25%
Non-GAAP Gross Margin	75.0%	76.1%	73% - 78%
Non-GAAP Op Ex %	49.2%	56.7%	45% - 50%
Non-GAAP Op Margin	25.8%	19.4%	25% - 30%

*Non-GAAP

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Financial Outlook

Factors That Inform Our View of Q3 2012

- As we enter Q3, we continue to see solid patient traffic and activity in our customer offices. Our North American Orthos are busy with new teenage case starts and we expect Q3 to be a strong teen quarter for Invisalign. For North American GPs, we expect seasonality to be a factor as doctors have less in-office days due to vacations. International doctors had a great first half of the year, stronger than expected, and we anticipate Q3 to be a slower period particularly for southern European countries where many customers take extended summer holidays.
- As a result, Invisalign case volume is anticipated to be in the range of 94.8 to 96.3 thousand cases, which reflects a year-over-year increase of 19.5% to 21.3% compared to Q3 2011. This compares to a year-over-year increase of 25.3% in Q2'12 and 19.8% in Q3'11. Our Invisalign shipment volumes are an important metric pointing to the continued progress and strength of the business.
- For Q3, we expect the scanner and CAD/CAM services business to be down sequentially from Q2, given summer seasonality for capital equipment purchases. In addition, there are no major industry or Invisalign customer events in Q3 that would give us additional selling opportunities like we had in Q2, with the AAO in May for example. We also expect Q3 scanner sales in Europe to be flat.
- Overall, revenues reflect lower Invisalign ASPs resulting from revenue deferrals associated with the Invisalign Teen/Vivera Retainer promotion, Advantage rebates, and headwinds from Foreign Exchange rates.

Q3 Fiscal 2012 Outlook

Q3 12 Outlook	GAAP	Non-GAAP
Revenue	\$136.8 M – \$140.8 M	
Invisalign Case Shipments	94.8 K – 96.3 K	
Gross Margin	73.4 % – 73.8 %	73.6 % – 74.1 %
Operating Expenses	\$71.7 M – \$72.4 M	\$70.6 M – \$71.3 M
Operating Margin	21.0% – 22.4 %	22.0 % – 23.5 %
EPS, diluted	\$0.26 – \$0.28	\$0.27 – \$0.29
Effective tax rate	25 %	25 %
Stock based compensation	\$5.6 M	
Diluted shares outstanding	83.5 M *	
Cash	\$345 M - \$355 M *	

* Excludes any stock repurchase during the quarter
A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

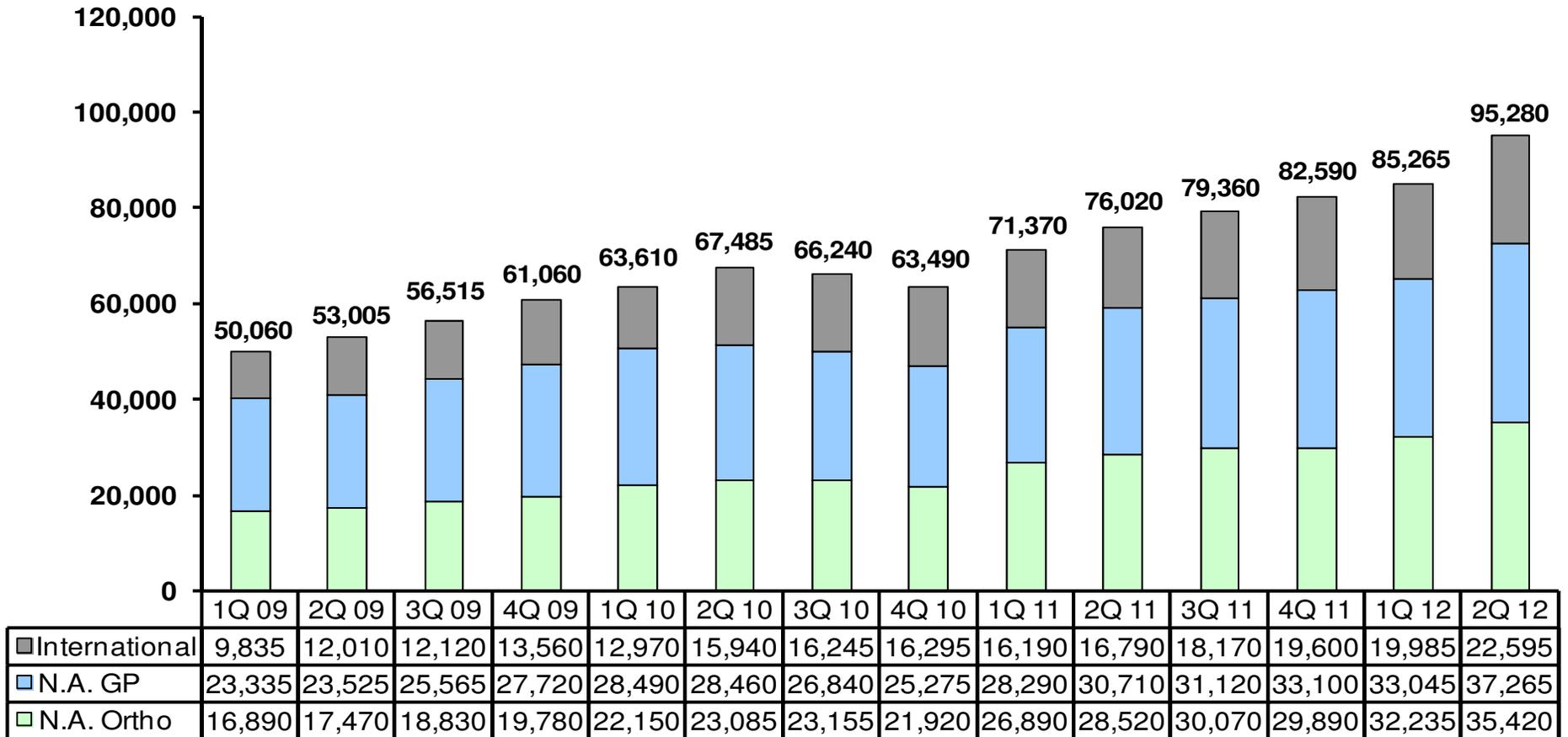
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 - Shirley Stacy, [sstacy@aligntech.com](mailto:ss Stacy@aligntech.com)
 - Yin Cantor, ycantor@aligntech.com

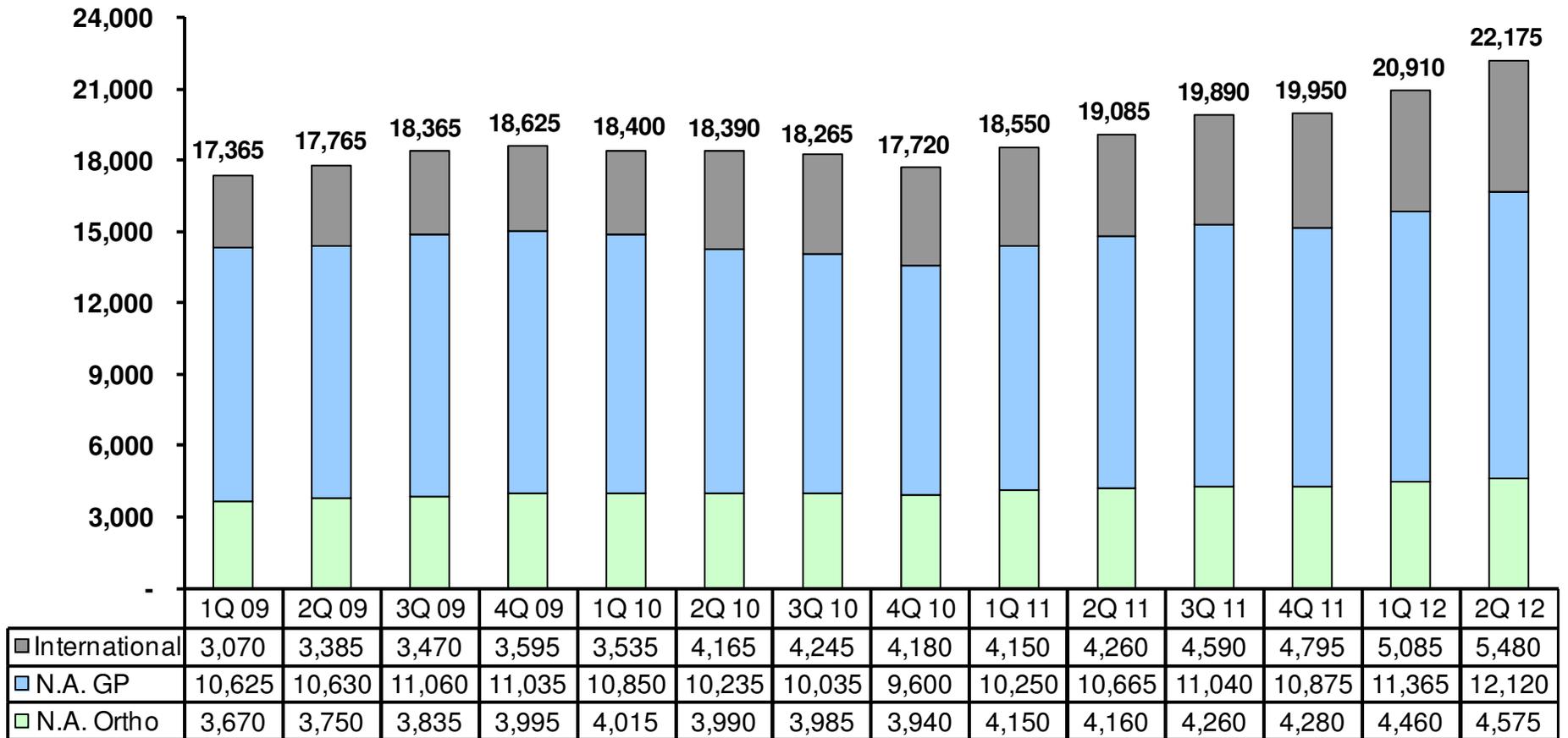
Additional Invisalign Data

Historical Information as of 6/30/12

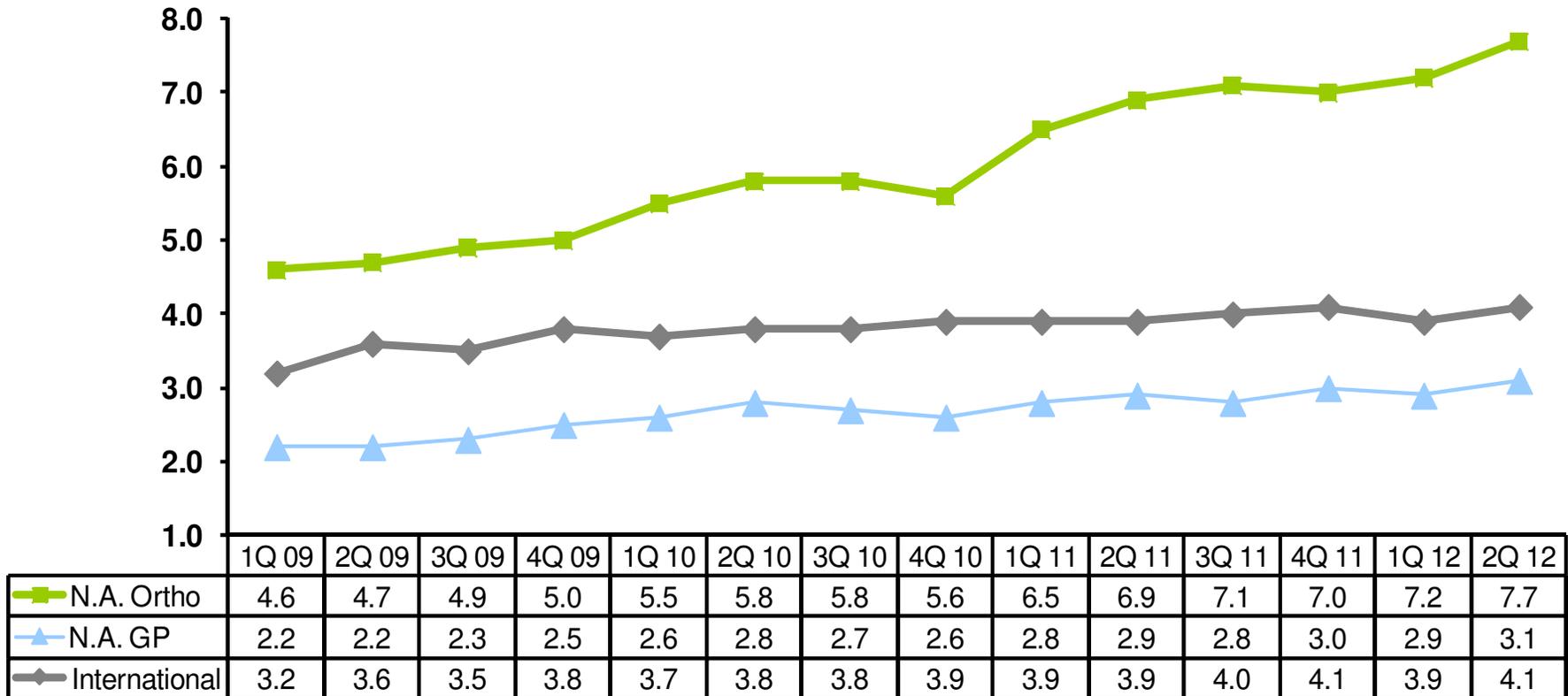
Invisalign Cases Shipped By Geography



Total Doctors Invisalign Cases Shipped To

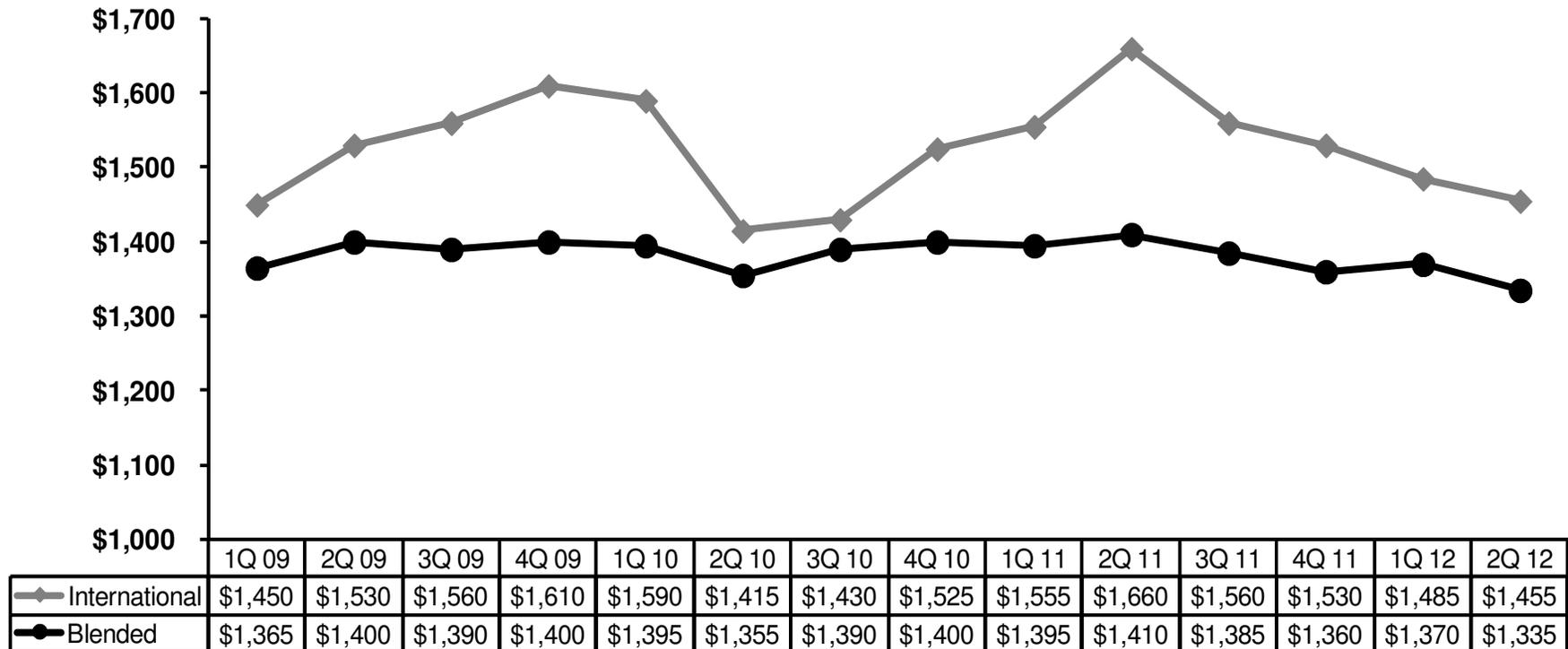


Invisalign Utilization Rate*



*Utilization Rate = # of Cases Shipped / # of Doctors Cases Are Shipped To

Invisalign Average Selling Price (ASP), as billed



Beginning in Q1 2009, blended ASPs do not include Align's retainer business