ALIGN
TECHNOLOGY

April 27, 2017

Align Technology Announces Record First Quarter 2017 Results

SAN JOSE, CA -- (Marketwired) -- 04/27/17 --

- Q1 revenues up 5.8% sequentially, up 30.0% year-over-year to a record $310.3 million
- Q1 Invisalign case shipments up 9.5% sequentially, up 27.1% year-over-year to a record 208 thousand cases
- Q1 International Invisalign case shipments up 41% year-over-year, North America Invisalign case shipments up 20% year-over-year
- Q1 Invisalign case shipments to teenage patients up 11.3% sequentially, up 31.6% year-over-year

Align Technology, Inc. (NASDAQ: ALGN) today reported financial results for the first quarter ended March 31, 2017. Invisalign case shipments in the first quarter of 2017 (Q1'17) were 208.1 thousand, a 27.1% increase year-over-year. For Q1'17, revenues were $310.3 million, a 30.0% increase year-over-year, and net profit was $69.4 million, or $0.85 per diluted share, up $0.35 per diluted share compared to the same period in the prior year. Q1'17 EPS included the benefit of $21.3 million, or $0.26, from excess tax benefits on stock based compensation in accordance with the new accounting guidance.

Commenting on Align's Q1 2017 results, Align Technology President and CEO Joe Hogan said, "2017 is off to a great start with first quarter revenues, volumes, gross margin and EPS above our expectations. For the quarter, net revenues were up 30% year-over-year, driven by strong Invisalign case shipments of 27% year-over-year to a record 38.9 thousand doctors shipped to during the quarter. These results reflect growth from both our North America and International regions, and higher than expected teenage cases across the board, which increased 32% year-over-year. iTero scanner revenues increased 47% year-over-year, and were down sequentially as expected."

GAAP Summary Financial Comparisons

First Quarter Fiscal 2017

	Q1'17	Q4'16	Q1'16	*Q/Q Change*	*Y/Y Change*
Invisalign Case Shipments*	***208,060***	190,055	163,695	+9.5%	+27.1%
Net Revenues	***$310.3M***	$293.2M	$238.7M	+5.8%	+30.0%
Clear Aligner**	***$282.4M***	$251.5M	$219.7M	+12.3%	+28.5%
Scanner & Services	***$27.9M***	$41.7M	$19.0M	(33.0)%	+46.9%
Net Profit	***$69.4M***	$47.6M	$40.5M	+45.8%	+71.2%
Diluted EPS	***$0.85***	$0.59	$0.50	+$0.26	+$0.35

Note: Changes and percentages are based on actual values and may effect totals due to rounding
** Invisalign Shipment figures does not include SmileDirectClub aligners*
*** Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners*

As of March 31, 2017, Align had $644.2 million in cash, cash equivalents and marketable securities compared to $700.0 million as of December 31, 2016. In Q1'17, we purchased a new headquarters building in San Jose, California for approximately $44.1 million. We also paid $36.5M for employee taxes related to the net settlement of vesting employee stock awards during the quarter. Lastly, we repurchased approximately 0.04 million shares of stock for $3.8 million in Q1'17 under the 2014 Repurchase Program. Align has $300.0 million available for repurchase under its 2016 Repurchase Program announced on April 28, 2016.

Q2 2017 Business Outlook

For the second quarter of 2017 (Q2'17), Align provides the following guidance:

- Invisalign case shipments in the range of 221 thousand to 224 thousand, up approximately 25% to 27% over the same period a year ago.
- Net revenues in the range of $340 million to $345 million, up approximately 26% to 28% over the same period a year ago.
- Diluted EPS in the range of $0.71 to $0.74, which includes $0.03 of excess tax benefit.

Regarding our tax rate: During the first quarter of 2017, we adopted accounting standards update entitled "Improvements to Employee Share-Based Payment Accounting". Under this new standard, excess tax benefits and deficiencies associated with employee share-based payments are no longer recognized as additional paid-in capital on the balance sheet but instead are recognized directly to income tax expense or benefit in the income statement for the reporting period in which they occur. Under this new standard, we expect our Q2 effective tax rate to be approximately 21%, which includes $2 to $3 million in excess tax benefits.

Align Web Cast and Conference Call

Align will host a conference call today, April 27, 2017 at 4:30 p.m. ET, 1:30 p.m. PT, to review its first quarter 2017 results, discuss future operating trends and the business outlook. The conference call will also be web cast live via the Internet. To access the webcast, go to the "Events & Presentations" section under Company Information on Align's Investor Relations web site at http://investor.aligntech.com. To access the conference call, please dial 201-689-8261. An archived audio web cast will be available beginning approximately one hour after the call's conclusion and will remain available for approximately 12 months. Additionally, a telephonic replay of the call can be accessed by dialing 877-660-6853 with conference number 13658703 followed by #. For international callers, please dial 201-612-7415 and use the same conference number referenced above. The telephonic replay will be available through 5:30 p.m. ET on May 11, 2017.

About Align Technology, Inc.

Align Technology designs and manufactures the Invisalign® system, the most advanced clear aligner system in the world, and iTero® intraoral scanners and services. Align's products help dental professionals achieve the clinical results they expect and deliver effective, cutting-edge dental options to their patients. Visit www.aligntech.com for more information.

For additional information about the Invisalign system or to find an Invisalign provider in your area, please visit www.invisalign.com. For additional information about iTero digital scanning system, please visit www.itero.com.

Forward-Looking Statement

This news release, including the tables below, contains forward-looking statements, including statements regarding certain business metrics for the second quarter of 2017, including, but not limited to, anticipated net revenues, gross margin, operating expenses, operating profit, diluted earnings per share, tax rate and case shipments. 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, Align's ability to protect its intellectual property rights, continued compliance with regulatory requirements, competition from existing and new competitors, the willingness and ability of our customers to maintain and/or increase product 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, or that the expected benefits of new or existing business relationships will not be achieved as anticipated, 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, 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 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 year ended December 31, 2016, which was filed with the Securities and Exchange Commission (SEC) on February 28, 2017. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

ALIGN TECHNOLOGY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended	
	March 31, 2017	March 31, 2016
Net revenues	$ 310,341	$ 238,720
Cost of net revenues	74,716	58,093
Gross profit	235,625	180,627
Operating expenses:		
Selling, general and adminstrative	151,148	112,210
Research and development	22,804	15,083
Total operating expenses	173,952	127,293
Income from operations	61,673	53,334
Interest and other income (expense), net	1,645	(427)
Net income before provision for income taxes and equity in losses of investee	63,318	52,907
Provision (benefit) for income taxes	(7,223)	12,361
Equity in losses of investee, net of tax	1,121	-
Net income	$ 69,420	$ 40,546
Net income per share:		
Basic	$ 0.87	$ 0.51
Diluted	$ 0.85	$ 0.50
Shares used in computing net income per share:		
Basic	79,904	79,831
Diluted	81,534	81,320

ALIGN TECHNOLOGY, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 261,027	$ 389,275
Marketable securities, short-term	284,559	250,981
Accounts receivable, net	267,128	247,415
Inventories	35,174	27,131

Prepaid expenses and other current assets	70,279	38,176
Total current assets	918,167	952,978
Marketable securities, long-term	98,574	59,783
Property, plant and equipment, net	231,692	175,167
Equity method investments	43,940	45,061
Goodwill and intangible assets, net	92,447	81,998
Deferred tax assets	60,068	67,844
Other assets	14,405	13,320
Total assets	$ 1,459,293	$ 1,396,151
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 37,028	$ 28,596
Accrued liabilities	125,631	134,332
Deferred revenues	202,895	191,407
Total current liabilities	365,554	354,335
Income tax payable	46,322	45,133
Other long term liabilities	2,542	1,294
Total liabilities	414,418	400,762
Total stockholders' equity	1,044,875	995,389
Total liabilities and stockholders' equity	$ 1,459,293	$ 1,396,151

ALIGN TECHNOLOGY, INC.
INVISALIGN BUSINESS METRICS*

	Q1 2016	***Q2 2016***	***Q3 2016***	***Q4 2016***	***Fiscal 2016***	***Q1 2017***
Invisalign Average Selling Price (ASP):						
Worldwide ASP	$ 1,255	$ 1,285	$ 1,285	$ 1,230	$ 1,265	$ 1,270
International ASP	$ 1,315	$ 1,345	$ 1,365	$ 1,315	$ 1,335	$ 1,325
Invisalign Cases Shipped by Geography:						
North America	110,500	114,855	115,900	122,555	463,810	132,885
International	53,195	62,140	61,855	67,500	244,690	75,175
Total Cases Shipped	163,695	176,995	177,755	190,055	708,500	208,060
YoY % growth	*25.2%*	*22.4%*	*20.5%*	*18.5%*	*21.5%*	*27.1%*
QoQ % growth	*2.1%*	*8.1%*	*0.4%*	*6.9%*		*9.5%*
Number of Invisalign Doctors Cases Were Shipped To:						
North America	22,355	22,575	22,570	23,265	34,065	23,910

International	11,280	12,485	12,720	13,635	20,415	14,955
Total Doctors Cases Shipped To	33,635	35,060	35,290	36,900	54,480	38,865
Invisalign Doctor Utilization Rates*:						
North America	4.9	5.1	5.1	5.3	13.6	5.6
North American Orthodontists	10.4	10.7	11.1	11.3	36.6	12.6
North American GP Dentists	3.0	3.1	3.0	3.2	7.6	3.1
International	4.7	5.0	4.9	5.0	12.0	5.0
Total Utilization Rates	4.9	5.1	5.0	5.2	13.0	5.4
* # of cases shipped/# of doctors to whom cases were shipped						
Number of Invisalign Doctors Trained:						
North America	875	1,125	1,300	1,420	4,720	980
International	1,605	1,760	1,315	2,280	6,960	2,280
Total Doctors Trained Worldwide	2,480	2,885	2,615	3,700	11,680	3,260
Total to Date Worldwide	106,270	109,155	111,770	115,470	115,470	118,730

Note: Historical public data may differ due to rounding. Additionally, rounding may effect totals.

**Invisalign business metrics exclude SmileDirectClub aligners.*

ALIGN TECHNOLOGY, INC.
STOCK-BASED COMPENSATION
(in thousands)

	Q1 2016	***Q2 2016***	***Q3 2016***	***Q4 2016***	***Fiscal 2016***	***Q1 2017***
Stock-based Compensation (SBC)						
SBC included in Gross Profit	$ 961	$ 932	$ 995	$ 1,078	$ 3,966	$ 925
SBC included in Operating Expenses	11,563	12,767	12,716	13,136	50,182	13,887
Total SBC Expense	$ 12,524	$ 13,699	$ 13,711	$ 14,214	$ 54,148	$ 14,812

ALIGN TECHNOLOGY, INC.
BUSINESS OUTLOOK SUMMARY
(unaudited)

The outlook figures provided below and elsewhere in this press release are approximate in nature since Align's business outlook is difficult to predict. Align's future performance involves numerous risks and uncertainties and the company's results could differ materially from the outlook provided. Some of the factors that could affect Align's future financial performance and business outlook are set forth under "Forward Looking Information" above in this press release.

Financial Outlook
(in millions, except per share amounts and percentages)

	Q2'17 Guidance	
	GAAP	
Net Revenues	$340 - $345	
Gross Margin	74.0% - 75.0%	
Operating Expenses	$180 - $184	
Operating Margin	21.0% - 21.7%	
Net Income per Diluted Share	$0.71 - $0.74	(1)

Business Metrics:	Q2'17	
Case Shipments	221K - 224K	
Capital Expenditure	$30M - $35M	
Depreciation & Amortization	$8M - $9M	
Diluted Shares Outstanding	81.6M	(2)
Stock Based Compensation Expense	$14.7M	
Effective Tax Rate	21%	(1)

(1) Includes the benefit from the adoption of the new accounting standard update for share-based compensation
(2) Excludes any stock repurchases during the quarter

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