Financial Results

Q1 2017

Align Technology, Inc.

Align Technology, Inc – Q1 2017 Financial Results

Conference Call

- Speakers:
  - Joe Hogan, President and CEO
  - John Morici, CFO
  - Shirley Stacy, VP, Corporate Communications & Investor Relations
- Replay and Web cast Archive
  - Telephone replay will be available through 5:30pm ET May 11, 2017
  - Domestic callers: 877-660-6853
  - International callers: 201-612-7415
  - Conference # 13658703
  - Audio web cast archive will be available at http://investor.aligntech.com for 12 months

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Safe Harbor and Forward Looking Statement

This presentation 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.

Q1 2017 Financial Highlights

- 2017 is off to a good start with first quarter revenues, volumes, gross margin and EPS above our expectations
- Q1 net revenues were up 30% Y/Y, driven by strong Invisalign case shipments - up 27% Y/Y, to a record 38.9K doctors this quarter
- Results reflect growth from both our North America and International regions, and higher than expected teenage cases across the board, which increased 32% Y/Y
- iTero scanner revenues increased 47% Y/Y and were down Q/Q as expected

	Q1'17	*QoQ*	*YoY*
Total Net Revenues	**$310.3M**	*+5.8%*	*+30.0%*
- Clear Aligner*	**$282.4M**	*+12.3%*	*+28.5%*
- Scanner & Services	**$27.9M**	*(33.0)%*	*+46.9%*
Invisalign Shipments	**208,060**	*+9.5%*	*+27.1%*
EPS, diluted	**$0.85**	*$0.26*	*$0.35*

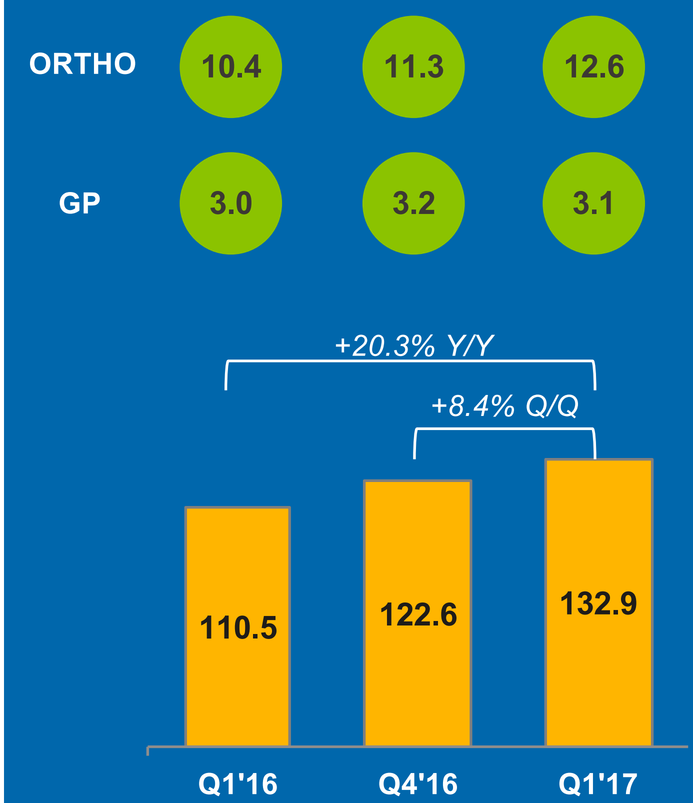
**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners*
Invisalign shipments do not include SmileDirectClub aligners

Q1 2017 Financial Highlights

North America

- Q/Q and Y/Y driven primarily by NA Orthodontists with GP Dentists showing improving growth trends
  - Continued strength in the NA Ortho channel reflects another record quarter for Invisalign utilization of 12.6 cases per quarter which includes substantially higher use by teenager patients, a positive indication for market share gains from metal braces
- Expanded our adult focused media to target both women and men
  - Results of new media targeting come through in our sales as strength continued with adult females and also significant growth with adult males choosing Invisalign treatment
- Launched Invisalign Lite and began piloting Invisalign Go
  - Invisalign Go is an aesthetic solution designed to empower GP dentists to treat more patients. Invisalign Go creates a simplified approach that guides dentists through identifying, planning and treating aesthetic cases
- Y/Y growth driven by increased adoption of Invisalign by Orthodontists, and continued expansion of our GP customer base
- Continue to make good progress with our DSO partners, with Invisalign shipments up nearly 50% Y/Y, significantly higher than non-DSO practices

North America Invisalign Utilization & Shipments



Invisalign shipments do not include SmileDirectClub aligners

Q1 2017 Financial Highlights

Latin America

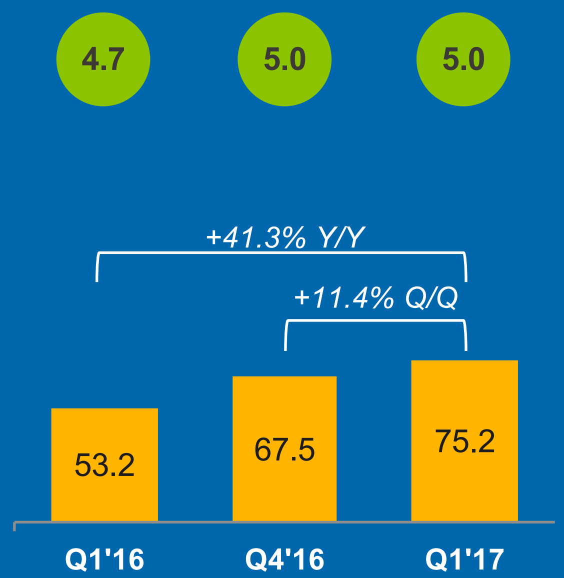
- As part of our Americas region, in Q1, we completed the acquisition of our distributor in Brazil which includes a small team of employees who will be based in our first office in Latin America in the city of Sao Paulo.
- Brazil is estimated to have approximately 1.4 million new orthodontic case starts each year and employs nearly 20% of world's dentists.
- As the world's second largest market for cosmetic interventions, Brazil represents a tremendous growth potential for Align and this acquisition will help establish our leadership position in the region and support our long term growth strategy.

Q1 2017 Financial Highlights

International

- Better than expected Q/Q increase was driven by growth in both the EMEA and APAC regions.
- EMEA 38.8% Y/Y with record quarter of growth across nearly all country markets as our “TFM model” continues gaining traction across the Ortho channel – with Spain, the UK, and Germany leading the way
  - Introduced Invisalign teen with mandibular advancement in certain country markets in EMEA, and launched Invisalign Go in the UK, France and Germany
  - Completed acquisition of our EMEA distributor, which includes opening our first office in the Middle East, and gives us direct access to customers and distribution partners across Russia, Commonwealth of Independent States (CIS), Baltics, Turkey, Monaco, Israel, Cyprus, the Middle East and Africa
- APAC 45.2% Y/Y led by China, Japan and Australia/New Zealand
  - Launched Invisalign treatment with mandibular advancement in Australia/New Zealand, Hong Kong and South Asia. 800+ doctors attending the peer-to-peer launch events
  - South Korea, we transferred all Invisalign practices currently managed by our network partner, to a direct coverage model. Gives us 100% direct coverage of the Korean market and will enable our team to continue developing the market for clear aligners and help accelerate growth and adoption of Invisalign treatment.

International Invisalign Utilization & Shipments



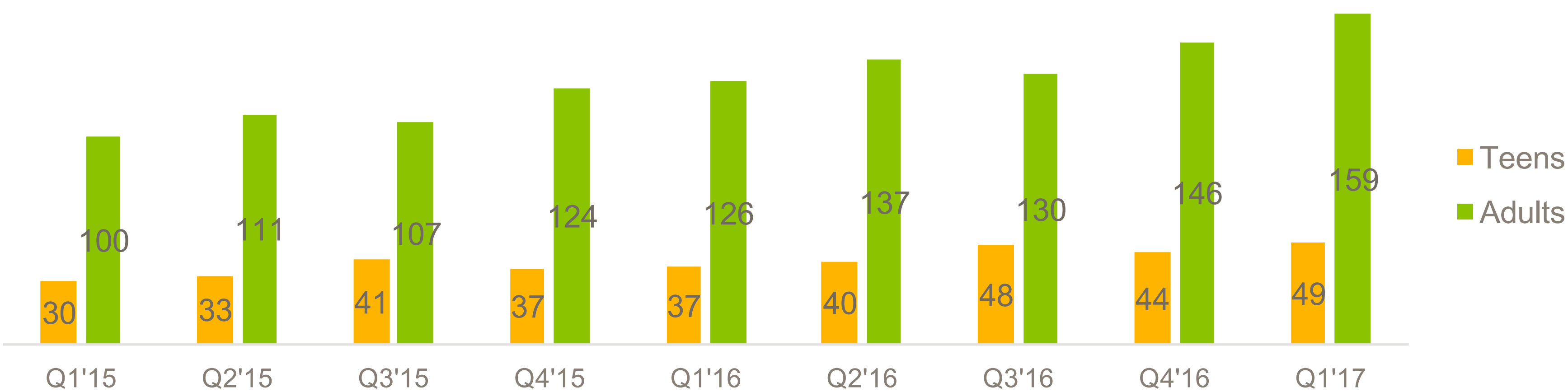
Invisalign shipments do not include SmileDirectClub aligners

Q1 2017 Financial Highlights

Teens and Adults

- 49,000 teenage cases +11.3% Q/Q and +31.6% Y/Y
- North America Ortho teenage cases were above the 3-year average both Q/Q and Y/Y
- International teenage case starts represent about 30% of total Invisalign teen

WW Cases – Patient Mix (#K)



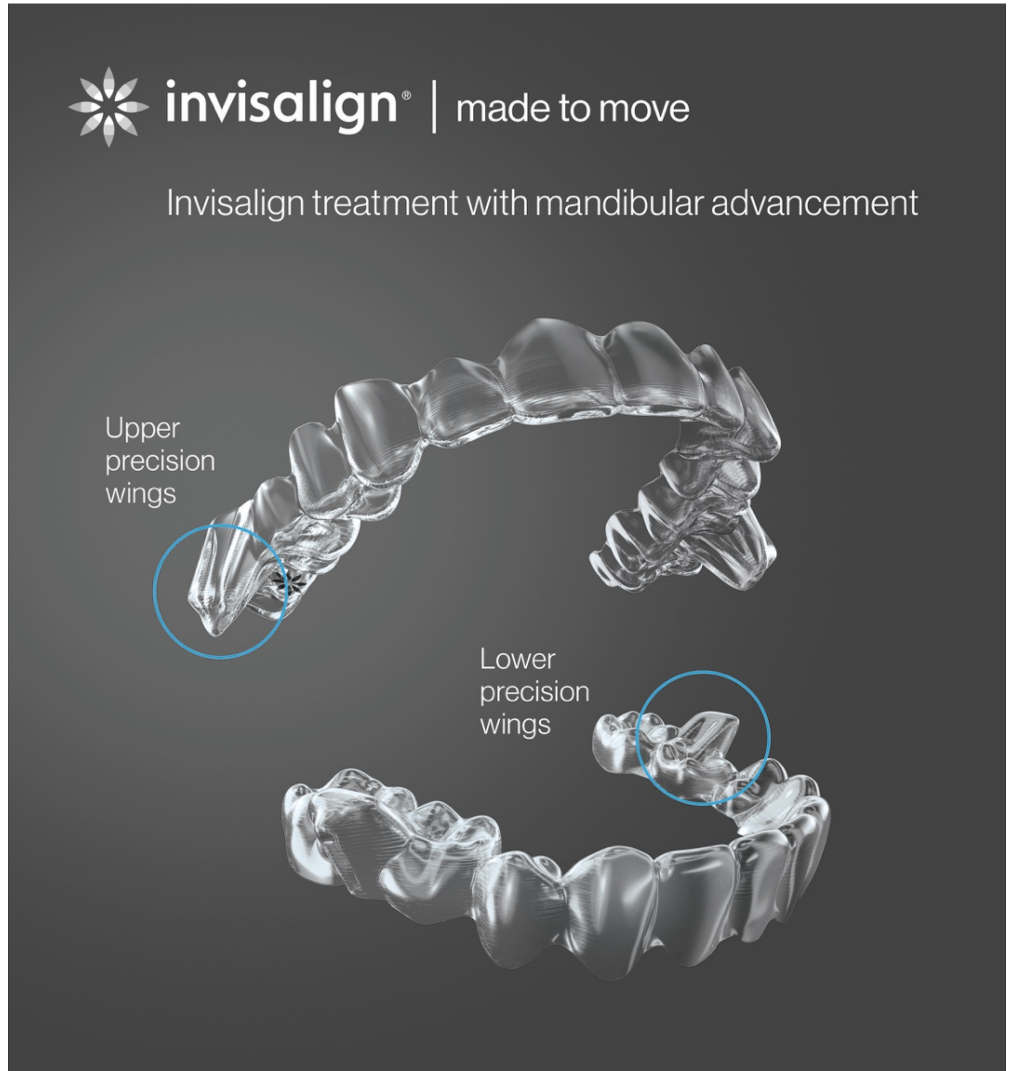
Invisalign shipments do not include SmileDirectClub aligners

Invisalign Treatment with Mandibular Advancement

- First clear aligner solution for Class II correction in growing tween and teen patients.
- Combines benefits of the most advanced clear aligner system in the world with features for moving the lower jaw forward while simultaneously aligning the teeth.
  - Treatment efficiency through cost and time savings with a clinically proven*, single-appliance solution.
  - No compliance concerns associated with using elastic bands by providing elastics-free correction.
  - Increased patient comfort during treatment.
  - Up to 50% shorter treatment times when combined with weekly aligner changes.
  - All of the existing benefits of Invisalign Teen treatment, including up to six free replacement aligners, eruption compensation for erupting molars and canines, and compliance indicators, and the ability to maintain good oral hygiene while in treatment.

Now available in: Canada, select LATAM countries (Argentina, Brazil, Chile, Colombia, Mexico), select EMEA countries (United Kingdom, Ireland, France, Spain, Czechoslovakia, Slovakia, Poland, Belgium, Luxembourg, Netherlands), select APAC countries (China, Hong Kong, Japan, Macao, Singapore, Taiwan, Australia, New Zealand)

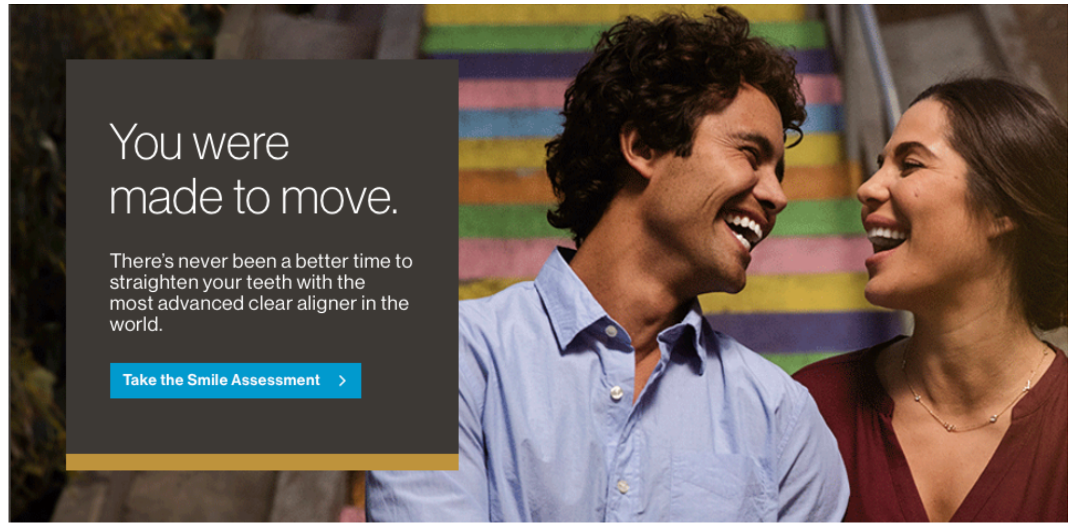
Pending 510(k) clearance and is not yet available in the United States

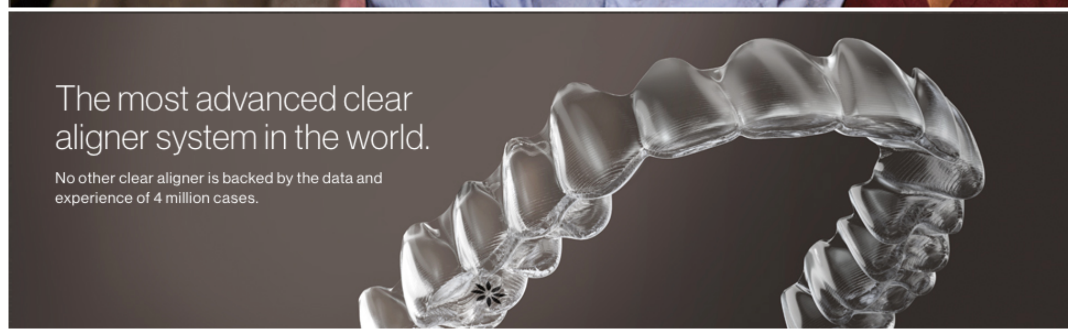


**Data on file at Align*

New Global “Made to Move” Campaign

- First integrated campaign approach for consumer and professional audiences across all regions
- Launched first in North America, we will begin to extend our “Made to Move” campaign in other key country markets beginning in May
- New campaign is already driving over 40% higher engagement in digital media versus prior media and followers across Invisalign social channels are up 13% this quarter
- In Q2, a significant push to drive consumer demand and conversion with moms and teenagers



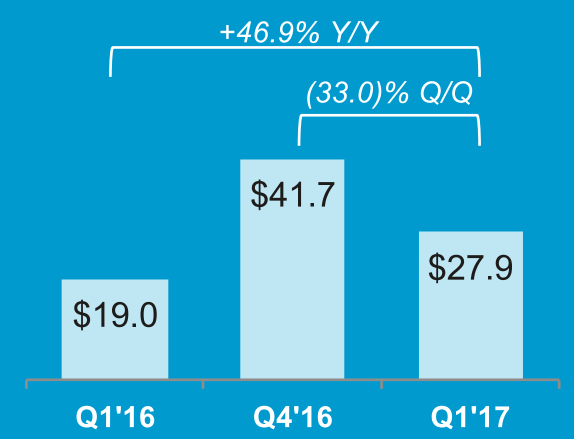


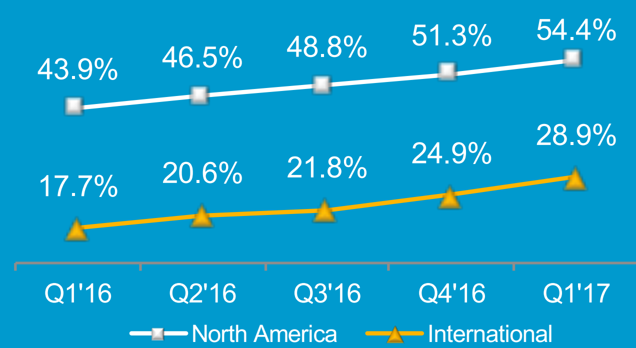
Q1 2017 Financial Highlights

Scanner and Services

- Given we worked through the backlog for iTero Elements through last year, these results are more reflective of the typical capital equipment buying cycle which is softer in Q1
- International Dental Show (IDS) in Cologne
  - Greater presence and showcased iTero and Invisalign Go and the benefits of the combination with applications such as Invisalign progress tracking
  - Previewed the TimeLapse application that provides dentists with the ability to compare scans over time to instantly visualize changes in the patients tooth wear, movement and gingival recession. Overall positive interest as we continue to expand our presence among GPs in EMEA.
- Use of the iTero scanners for Invisalign case submission in place of PVS impressions continues to expand and remains a positive catalyst for Invisalign utilization
  - Percentage of Invisalign cases submitted with a digital scanner increased:
  - 45.8% of Worldwide cases
  - 54.4% of North America cases, 28.9% of International cases

Scanner & Services Revenues



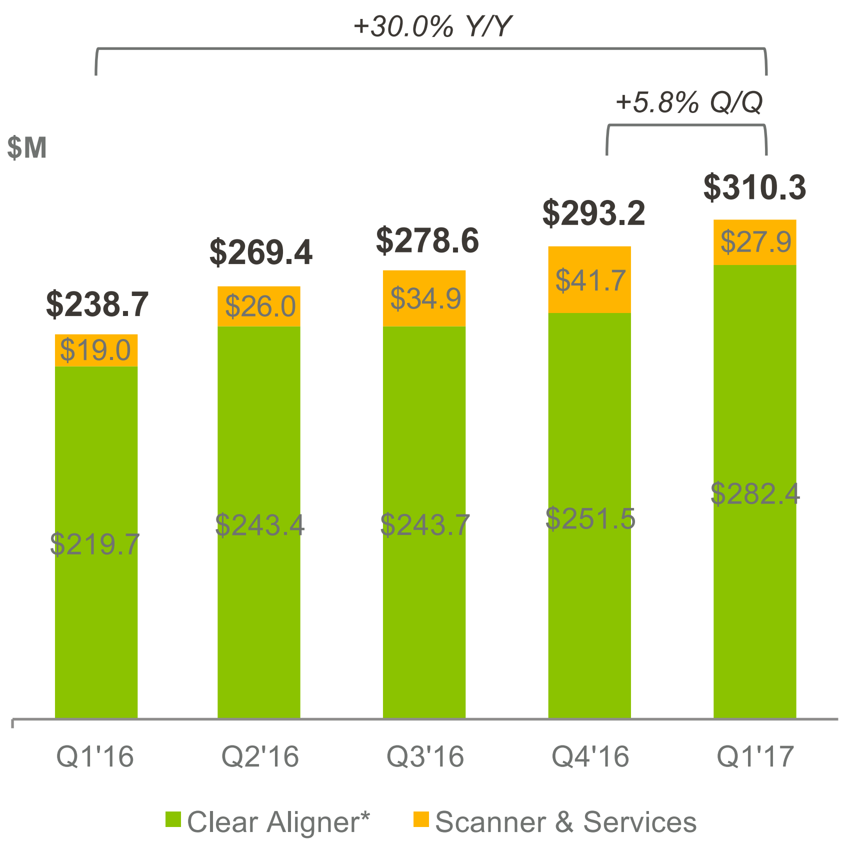


Q1 2017 Financial Review

John Morici, CFO

Net Revenues Trend

Q1’17 Highlights

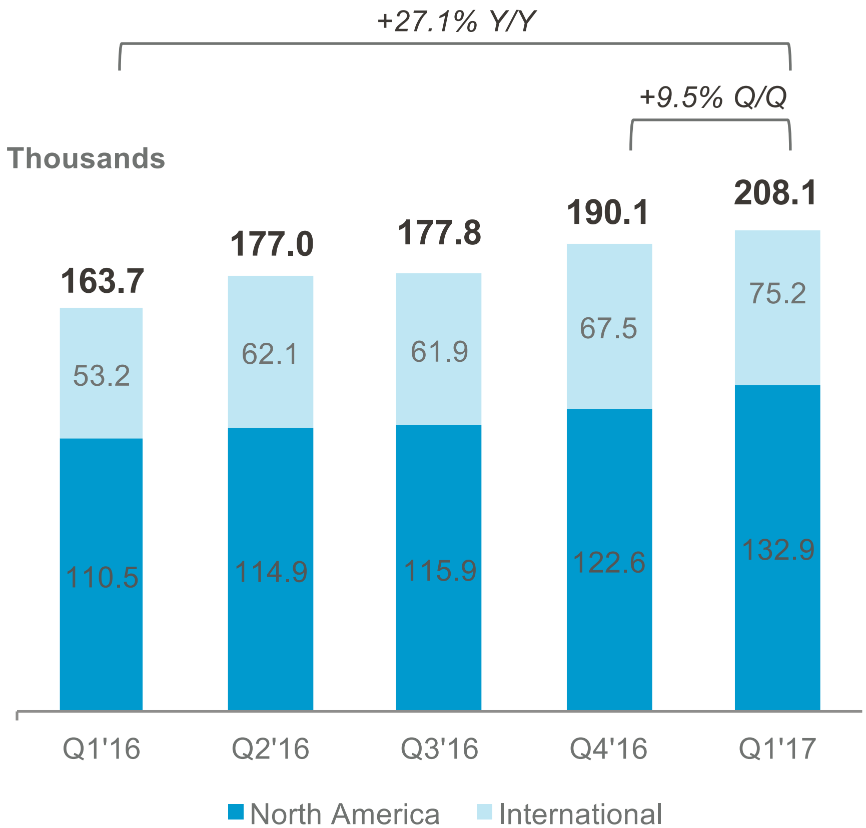


- Clear Aligner* net revenues, +12.3% Q/Q, +28.5% Y/Y
  - Q/Q increase driven primarily by better than expected Invisalign shipments and higher Invisalign ASPs.
  - Y/Y increase reflected strong Invisalign shipment growth across all customer channels and geographies, partially offset by FX rates
  - Invisalign ASPs up ~$40 Q/Q, at about $1,270 reflecting lower promotional activity
  - Invisalign ASPs up ~$15 Y/Y primarily due price increases, partially offset by increased promotional discounts and foreign exchange
- Scanner & Services net revenues, (33.0)% Q/Q, +46.9% Y/Y

*Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners

Invisalign Shipments Trend

Q1’17 Highlights



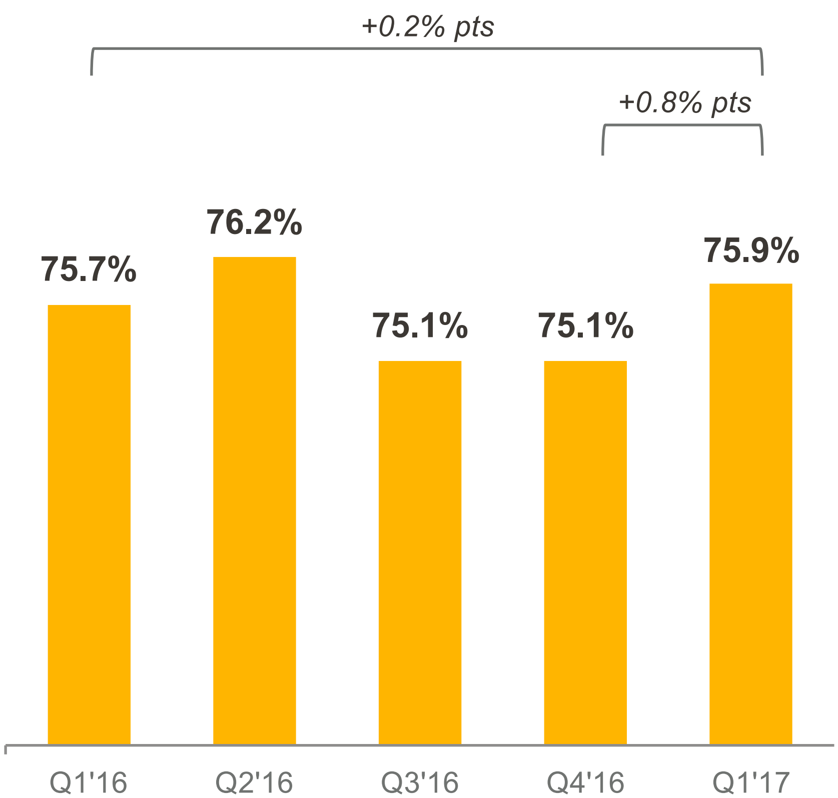
- Q/Q reflecting growth driven primarily by North American orthodontists and international doctors
- Y/Y driven by growth driven by growth across all regions as well as expansion of our customer base predominantly from the Asia Pacific region

- Invisalign Channel Highlights
  - N.A. Orthodontists +13.6% Q/Q, +27.5% Y/Y
  - N.A. GP Dentists +2.0% Q/Q, +11.4% Y/Y
  - International +11.4% Q/Q, +41.3% Y/Y

Invisalign shipments do not include SmileDirectClub aligners

Gross Margin Trend

Q1'17 Highlights



- Gross profit was $235.6M or 75.9% gross margin
- Includes stock based compensation expense of $925K

Clear Aligner* Gross Margin: 77.9%

- +0.4 pts Q/Q increase primarily due to leveraging of manufacturing costs over higher volumes, higher Invisalign ASPs, and partially offset by increased aligners per case
- (0.4) pts Y/Y decrease primarily due to increased aligners per case as we continue to treat more complex cases, partially offset by manufacturing efficiencies

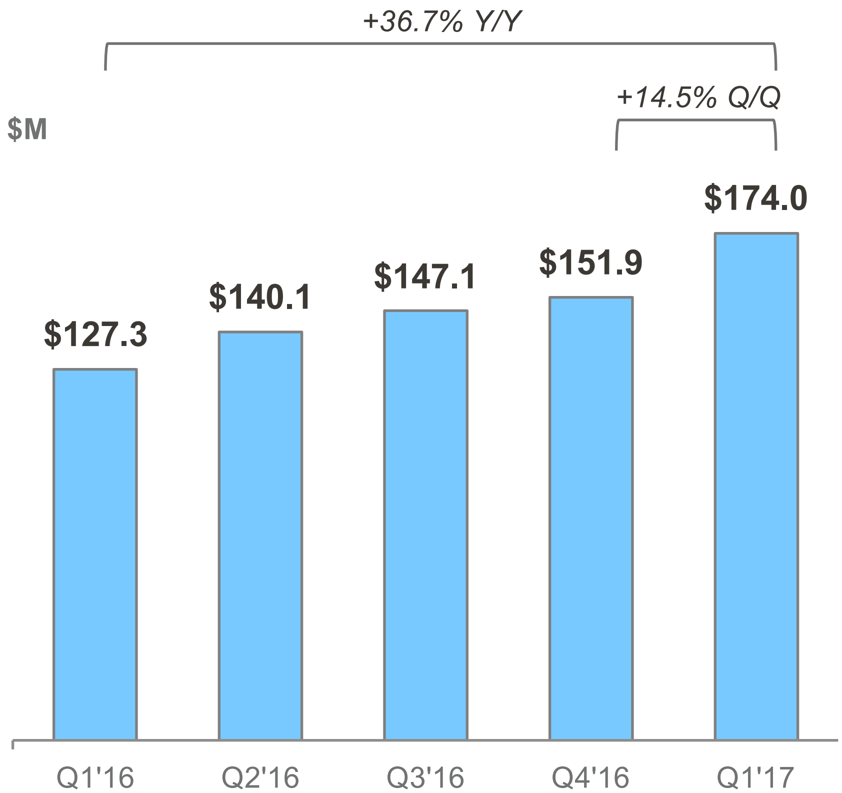
Scanners & Services Gross Margin: 56.1%

- (4.9) pts Q/Q decrease due to slight increase in excess and obsolescence reserves and higher freight costs
- +11.1 pts Y/Y increase primarily a result of higher ASPs and lower manufacturing and servicing costs of our iTero Element scanner relative to our previous scanner

**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners*

Operating Expense Trend

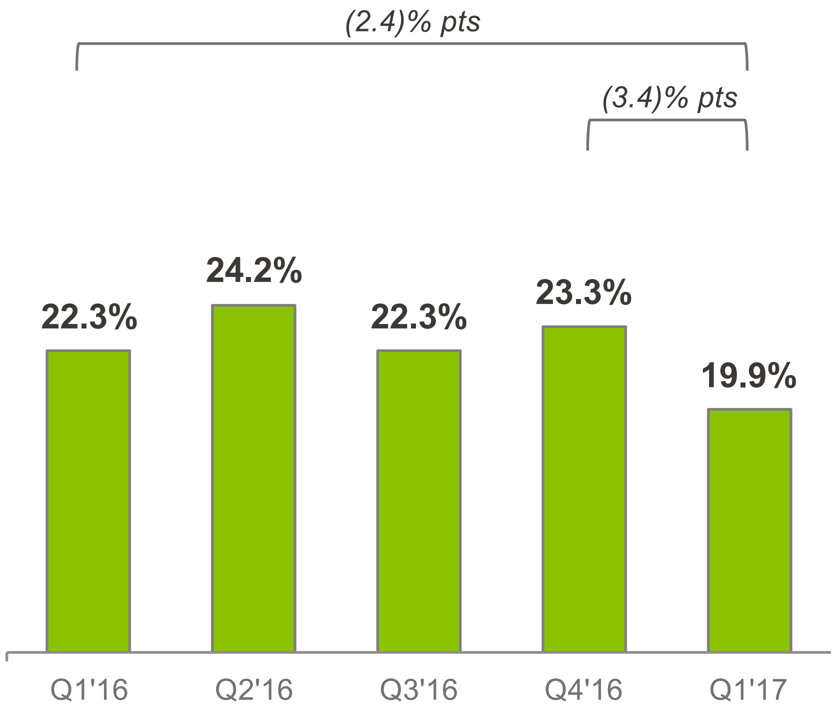
Q1’17 Highlights



- Q/Q: +$22.1M primarily related to increased employee headcount and marketing spend as a result of our investments in geographic expansion, our new advertising campaign, and the commercialization of new products
- Y/Y: +$46.7M reflecting reflecting the above investments
- Includes stock-based compensation expense of $13.9M

Operating Margin and EPS Trend

Q1’17 Highlights



EPS	**$0.50**	**$0.62**	**$0.63**	**$0.59**	**$0.85**

- Operating profit $61.7M and operating margin 19.9%
  - Q/Q decrease primarily to increased headcount and marketing expenses as we continue to grow our business
  - Y/Y decrease primarily reflects higher operating expenses as we invest in headcount, geographic expansion and new products in order to increase adoption and accelerate the growth of our business
- Tax rate was (11.4)% which includes $21.3M in excess tax benefits and is down by ~31.2 pts compared to Q4’16. In Q1’17, we adopted accounting standards update entitled Improvements to Employee Share-Based Payment Accounting
- SmileDirectClub (SDC) aligner supplier
  - Revenue and costs are included in our operating profit and reported results, although they were immaterial this quarter
  - Report our share of SDC’s losses below op margin and our tax provision and is entitled “Equity in Losses of Investee, net of tax.” Q1 loss, net of tax, was ~$1.1M, or $0.01 per diluted share
- Q1 EPS included the benefit of $21.3M, or $0.26 per diluted share, from excess tax benefits on stock based compensation in accordance with the new standard

Accounting Standards Update 2016-09

Improvements to Employee Share-Based Payment Accounting

In Q1 2017, we adopted accounting standards update “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 recognized directly to income tax expense or benefit in the income statement for the reporting period in which they occur.

Balance Sheet Highlights

- $644.2M Cash and Cash Equivalent Balance
  - Decrease of approximately $56M compared to 2016 primarily related to the purchase of our new headquarters building
  - $222.7M held by the U.S, $421.5M held by our international entities
- $36.5M of cash to pay employee taxes for the net settlement of vesting employee stock awards that otherwise would have been issued
- DSO
  - Increase as a result of our new ERP system implemented in July 2016 and other related systems that impacted the timing of our customer collections.
  - Anticipate that DSOs will remain above our historical average for several quarters as we work through these changes
- Stock Repurchase Program
  - Repurchased 0.04M shares of stock for $3.8M under the 2014 Repurchase Program
  - $300M available for repurchases under the 2016 Repurchase Plan announced last April

	Q1'16	Q4'16	Q1'17
Accounts Receivables, net	$178.0	$247.4	$267.1
DSOs	67 days	76 days	77 days
Cash, Cash Equivalent & Short-Term and Long-Term Marketable Securities	$680.8	$700.0	$644.2
Cash Flow from Operations	$30.7	$81.0	$47.6
Capital Expenditures	$(20.2)	$(14.2)	$(59.6)
Free Cash Flow*	$10.5	$66.8	$(11.9)

**Free cash flow is defined as cash flow from operations less purchase of property, plant and equipment and is a non-GAAP measure*

Q2 2017 Outlook

- For our International markets, expect seasonally higher period for APAC and EMEA
- For North America, seasonally up for orthos and GP dentists.
- For our Scanner business, Q2 capital equipment purchases are seasonally higher.

	Q2 2017	
Invisalign Case Shipments	221 K – 224 K	
Net Revenues	$340 M – $345 M	
Gross Margin	74.0 % - 75.0 %	
Operating Expenses	$180 M - $184 M	
Operating Margin	21.0 % - 21.7 %	
Effective Tax Rate	21 %	(2)
EPS, diluted	$0.71 - $0.74	(1)
Stock Based Compensation	$14.6 M	
Diluted Shares Outstanding	81.6 M	(2)

(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

Invisalign shipments do not include SmileDirectClub aligners

Summary

View of 2017

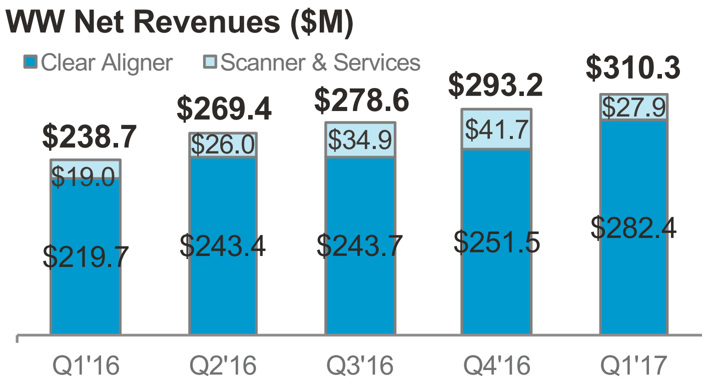
- Given the stronger than expected results we've seen to-date, we now anticipate 2017 total revenue to be at the high end of our long-term operating model range of 15-25%
- We also expect Invisalign revenue and volume growth to be at the high end of that model
- Notwithstanding continued investments in our strategic growth drivers, we remain comfortable with operating margin for the full year to be flat to slightly up from 2016 operating margin of 23%

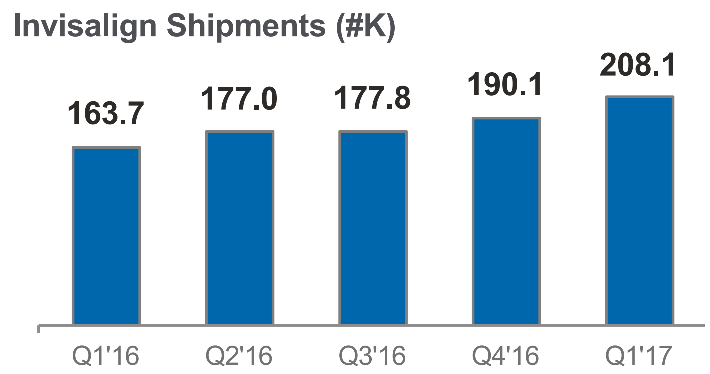
Q1 2017 Closing Comments

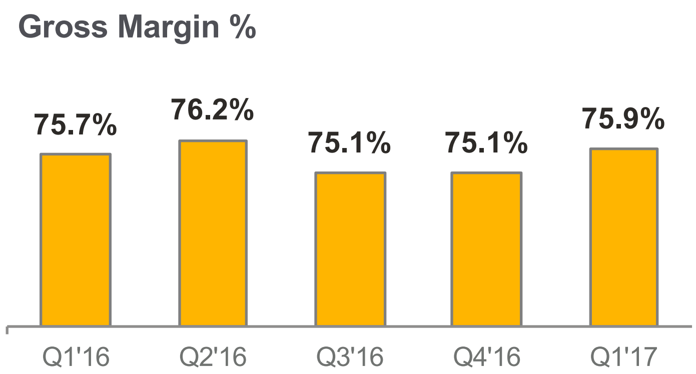
- Dental industry remains healthy and our customers continue to report solid patient traffic in their offices.
- Recent AAO Meeting in San Diego
  - Excited to see the level of activity in our booth and interest level in our products, especially for teenagers as we kick off the summer teen season with our new teen-focused campaign
  - 2,000 doctors and their staff visited our booth, 300 attendees participated in our iTero Iron Records scanning challenge where an iTero scan was completed <1 minute for the first time
- EMEA Invisalign Summit in Dubai in May
  - Over 400 customers attending the two day peer-to-peer event.

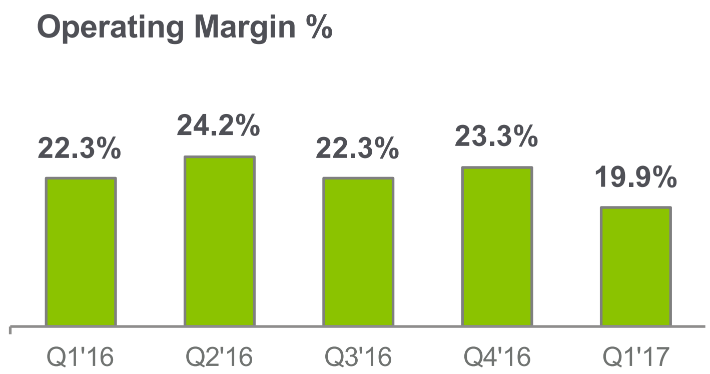
Appendix

Trended Financials









Notes: Rounding may affect totals.

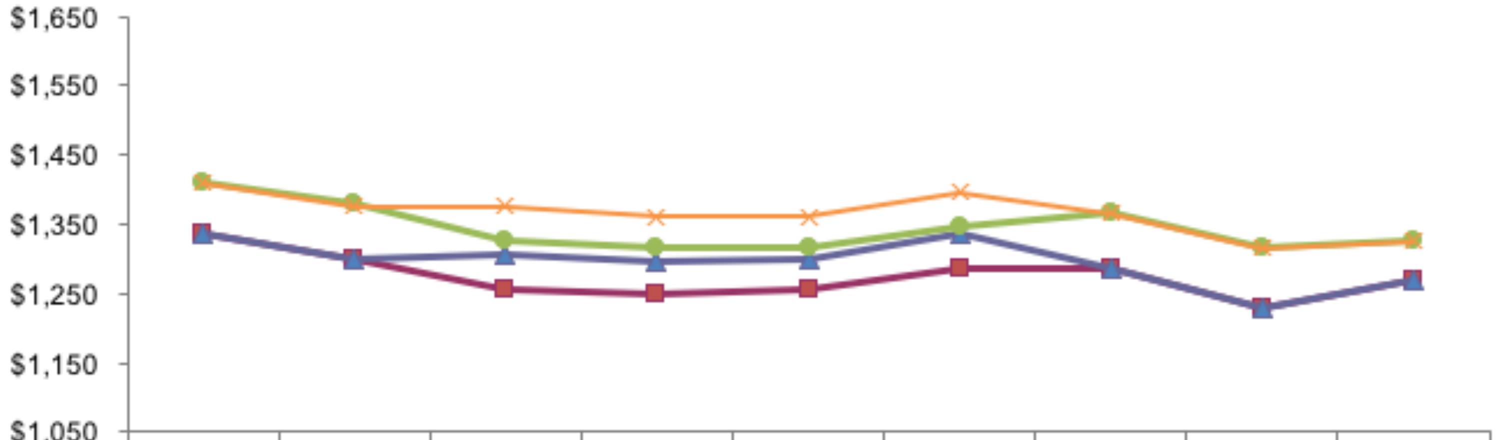
**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners*
Invisalign shipments do not include SmileDirectClub aligners

3 to 5 Year Financial Model Targets

	Q1'16 Actual	Q4'16 Actual	Q1'17 Actual	3 – 5 Year Model
Revenue CAGR%				15 - 25%
Gross Margin	75.7%	75.1%	75.9%	73% - 78%
Operating Expense %	53.3%	51.8%	56.1%	45% - 50%
Operating Margin	22.3%	23.3%	19.9%	25% - 30%
Free Cash Flow	4.4%	22.8%	(3.8)%	20% - 25%

Invisalign Average Selling Price (ASP)

Worldwide and International



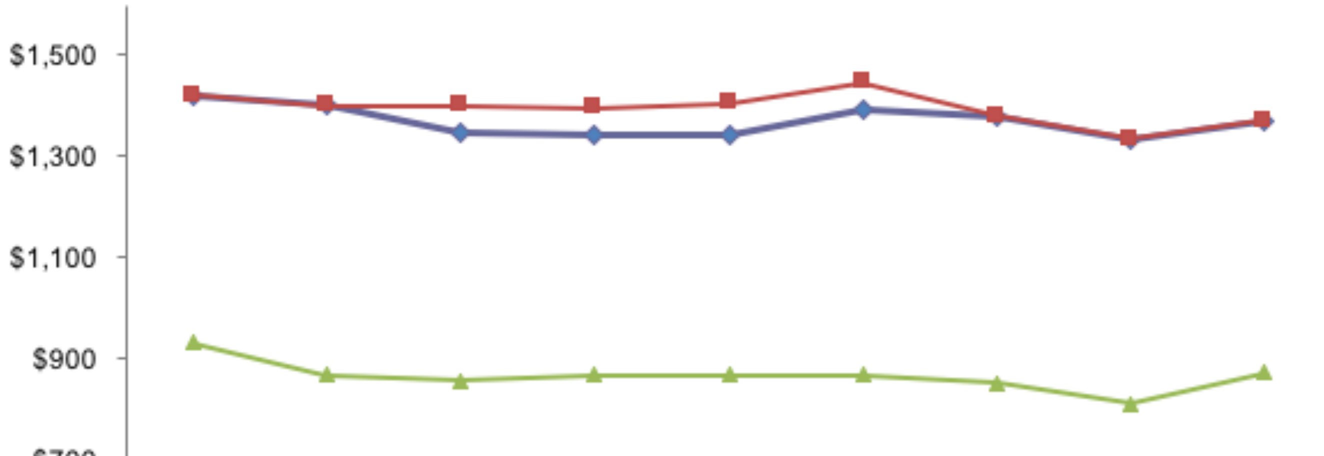
	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Worldwide	$1,335	$1,300	$1,255	$1,250	$1,255	$1,285	$1,285	$1,230	$1,270
Worldwide, adjusted	$1,335	$1,300	$1,305	$1,295	$1,300	$1,335	$1,285	$1,230	$1,270
International	$1,410	$1,380	$1,325	$1,315	$1,315	$1,345	$1,365	$1,315	$1,325
International, adjusted	$1,410	$1,375	$1,375	$1,360	$1,360	$1,395	$1,365	$1,315	$1,325

ASP: Invisalign case revenue / Invisalign case shipments

ASP adjusted: adjusted for impact of Additional Aligners at No Charge policy launched in July 18, 2015, effective for all new Invisalign Full, Teen, and Assist products, our Full Product Group, as well as any cases that were open as of this date.

Invisalign Average Selling Price (ASP)

Product Groups



	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Comprehensive Products	$1,420	$1,400	$1,345	$1,340	$1,340	$1,390	$1,380	$1,335	$1,370
Comprehensive Products, adj	$1,420	$1,400	$1,400	$1,395	$1,405	$1,445	$1,380	$1,335	$1,370
Non-comprehensive Products	$930	$865	$855	$865	$865	$865	$850	$810	$870

Comprehensive Products: Invisalign Full, Invisalign Teen, Invisalign Assist

Non-Comprehensive Products: Invisalign Express 10, Invisalign Express 5, Invisalign Lite, Invisalign i7, Invisalign Go

Global Strategic Priorities

01 **International Expansion**

02 **Orthodontist Utilization**

03 **GP Dentist Treat & Refer**

04 **Patient Demand & Conversion**