



ALIGN

ALIGN TECHNOLOGY, INC.

Quarterly Financial Results Q4 and Fiscal 2008

Align Technology Q4 FY2008 Conference Call

- Speakers:
 - Tom Prescott, president and CEO
 - Ken Arola, vice president of finance and CFO
- Moderator:
 - Shirley Stacy, senior director of investor relations
- Replay and Web cast Archive
 - Telephone replay will be available through 4:30pm ET February 11, 2008
 - Domestic callers: 877-660-6853
 - International callers: 201-612-7415
 - Account #292 and conference #309050
 - Audio web cast archive will be available at <http://investor.aligntech.com> for approximately 12 months

Safe Harbor and Forward Looking Statement

This presentation contains forward-looking statements, including statements regarding, certain business metrics for the first quarter of 2009, including anticipated revenue, gross margin, operating expense, operating income, earnings per share, case shipments and cash. Forward-looking statements contained in this presentation 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, failure to achieve the expected cost savings and efficiencies related to the restructuring, including a delay in the implementation of the relocation of certain customer facing organizations from Santa Clara, California to Costa Rica and greater than anticipated costs resulting from the relocation, changes in the size of the expected restructuring charge, loss of key personnel responsible for execution of the relocation in a timely manner, failure to effectively manage the relocation resulting in decreased customer service levels, 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, continued customer demand for Invisalign 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 Invisalign by consumers and dental professionals, Align's third party manufacturing processes and personnel, foreign operational, political and other risks relating to Align's international manufacturing operations, Align's ability to protect its intellectual property rights, competition from manufacturers of traditional braces 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, 2007, which was filed with the Securities and Exchange Commission on February 26, 2008. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.



Q4 and Fiscal 2008 Overview

Tom Prescott

President and CEO

Q4 Fiscal 2008 Financial Highlights

- Net revenues of \$74.1 million
 - -1.4% sequentially
 - +2.2% year over year
- Case shipments 52,640
 - -0.3% sequentially
 - +3.6% year over year
- Gross margin of 72.7%
- Non-GAAP operating expense was \$48.5 million
- Non-GAAP net income of \$4.9 million or \$0.07 diluted share

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

Q4 Fiscal 2008 Customer Summary

Q4 08 Revenue: \$74.1M

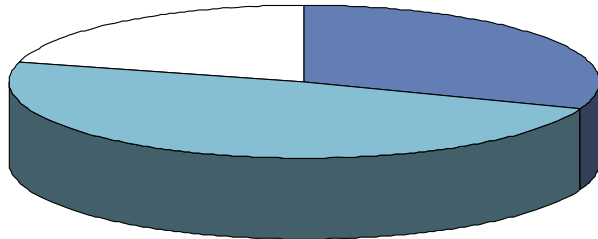
Q4 08 Case Shipments: 52,640

Int'l: 21.9%

- +7.4% Q/Q
- +14.4% Y/Y

US Ortho: 28.6%

- -5.0% Q/Q
- -1.2% Y/Y



US GP: 45.3%

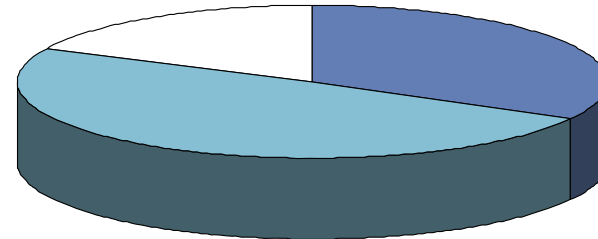
- -4.5% Q/Q
- +0.3% Y/Y

Int'l: 20.5%

- +17.8 Q/Q
- +33.5% Y/Y

US Ortho: 32.3%

- -5.3% Q/Q
- -1.8% Y/Y



US GP: 47.2%

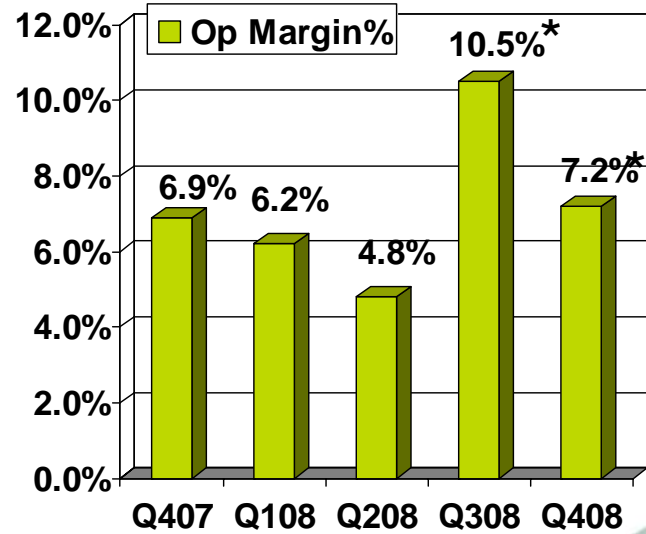
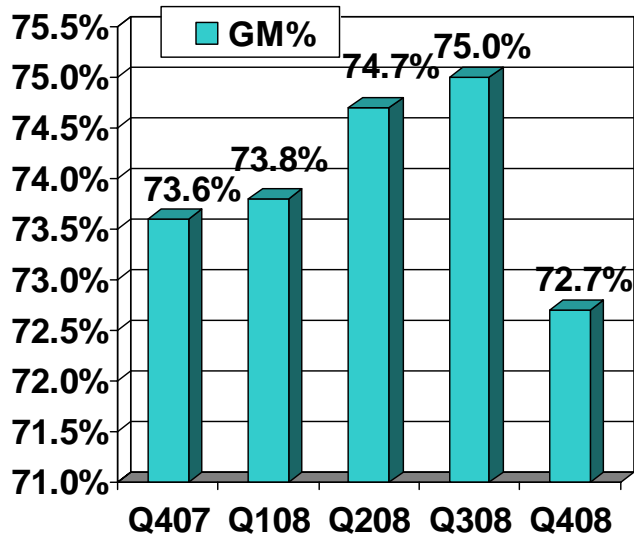
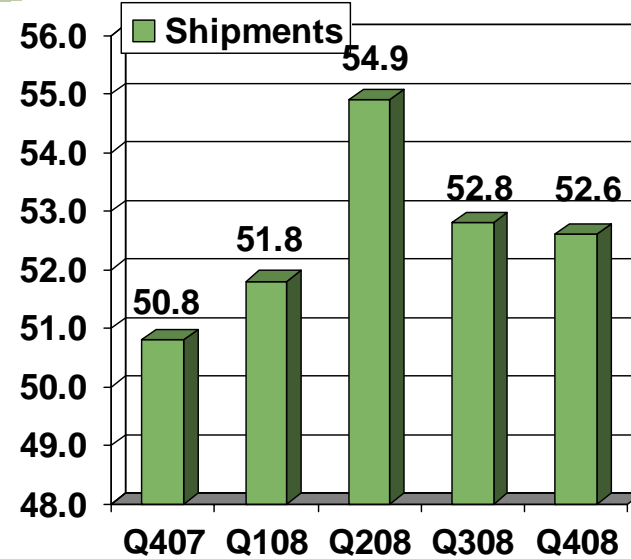
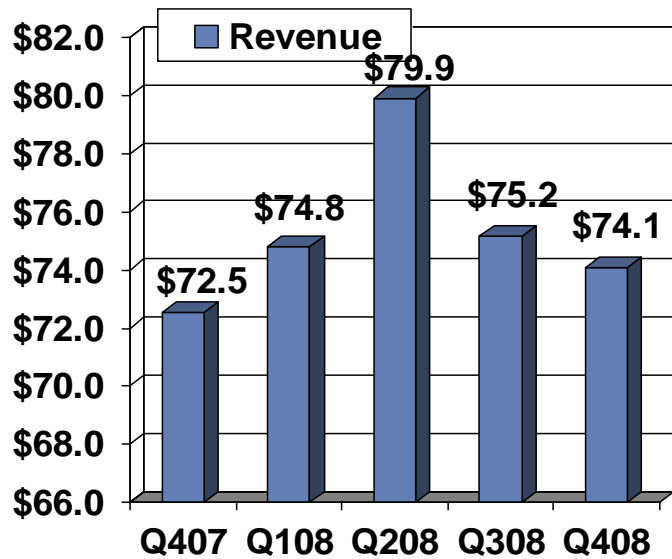
- -3.2% Q/Q
- -2.2% Y/Y

Fiscal 2008 Financial Highlights

- Net revenues of \$304 million, +6.9% year-over-year
- Case shipments 212,040, +4.5% year-over-year
- International revenues increase to 20%
- Gross margin of 74.1%
- Non-GAAP net profit margin 7.1%

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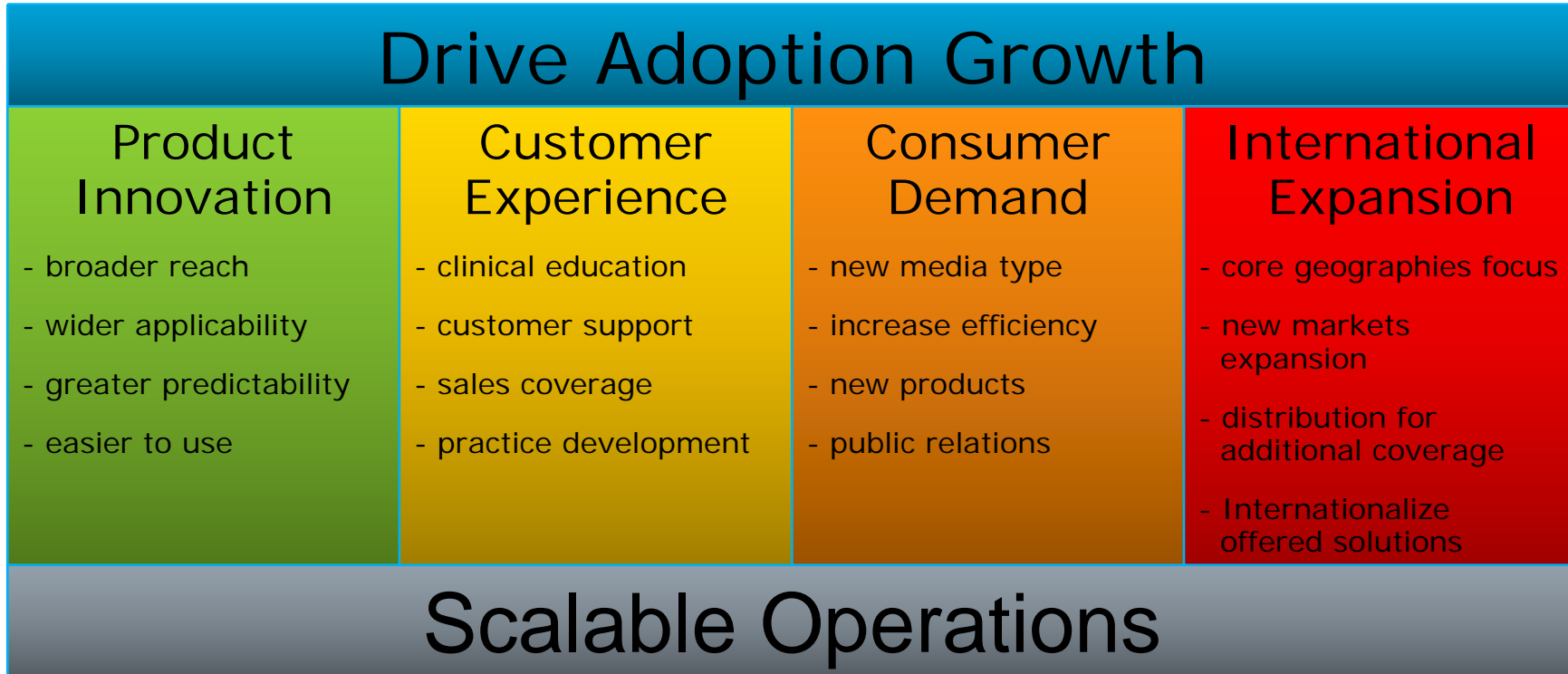
Q4 Fiscal 2008 Trended Financials



* Non- GAAP

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

Our Strategy to Drive Adoption



FDA Clears Expanded Labeling for Invisalign



- In December, the FDA cleared expanded labeling for Invisalign and removed the permanent dentition requirement
- In addition, a series of contra-indications that restricted complexity of cases, have been moved to precautions
- Enables us to widen clinical applicability to include more complex cases and increase the age band for treatment
- An important step for us and will foster product innovation targeted at additional populations



- In the market for 5 months and initial results are good
- Have ~ 2,700 Invisalign Teen trained doctors
- Invisalign Teen increased 20% sequentially, despite Q4 being a seasonally soft for teen orthodontic case starts
 - ~ 6.7% of case volume, up from 5.6% in Q308
- In Q1 09, we will ramp our teen consumer marketing
 - Launched invisalignteen.com in January
 - New PR campaign that relies heavily on web-based editorial, blogs, and social networking sites
 - Build grassroots awareness and excitement among teens

invisalign | assist™

- Launched mid-Oct 2008 to newly-trained and low volume GPs
- In Q408, approximately 1,000 GPs submitted Assist cases
 - ~ 147 newly trained GPs submitted Assist cases
- Too early know impact of Assist on adoption for newly trained and low volume GPs



Invisalign Adoption Metrics

Training and Utilization

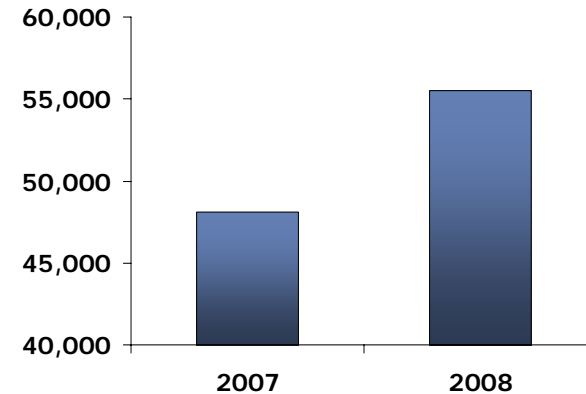
Doctor Training

- In Q4 08 trained 1,940 new doctors
 - 1,420 N.A. doctors, 520 International
- Fiscal 2008 trained 7,370 new doctors
 - 5,520 N.A. doctors, 1,850 International
- 55,510 cumulative total doctors worldwide

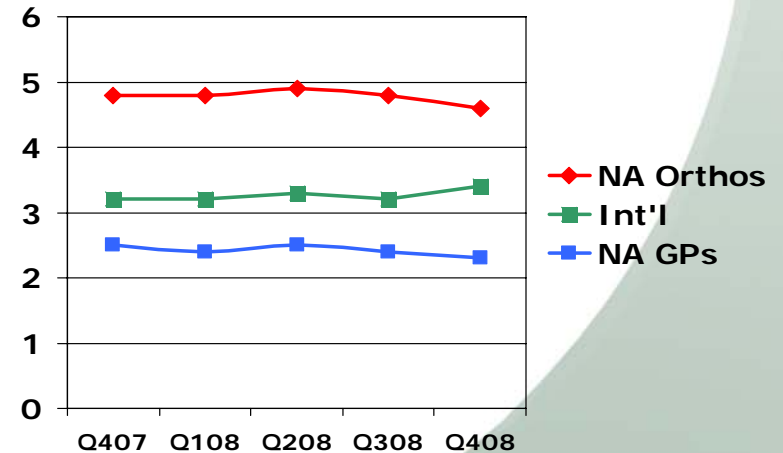
Average Utilization

- Q4 08 Utilization
 - NA Orthos and GPs decreased Q/Q and Y/Y
 - International increased Q/Q and Y/Y
- Economic crisis has continued to negatively affect our NA customers
- Broad drop in utilization may imply that the economy is now also affecting the number of orthodontic case starts

Trained Doctors Worldwide



Average Utilization by Channel



Q4 FY2008 Financial Review

Ken Arola

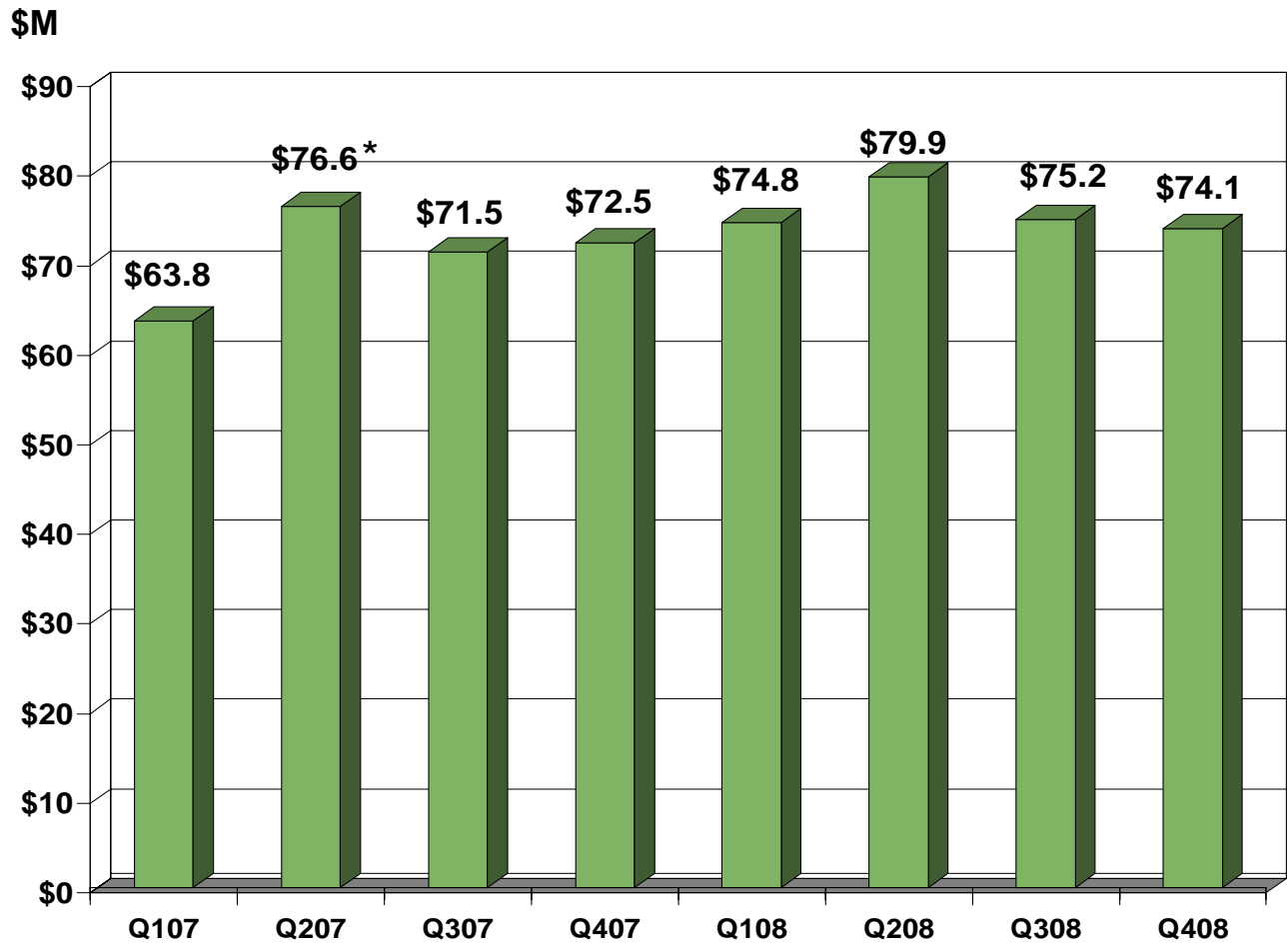
Vice President, Finance and CFO

Q4 08 Income Statement Highlights

	Q4 08	Q3 08	Sequential Change Q4 08/Q3 08	Q4 07	Year/Year Change Q4 08/Q4 07
Revenue	\$74.1M	\$75.2M	(1.4%)	\$72.5M	+ 2.2%
Gross Margin	72.7%	75.0%	(2.3% pts)	73.6%	(0.9% pts)
Operating Expenses	\$52.6M	\$50.7M	+ 3.7%	\$48.4M	+ 8.6%
Operating Margin	1.8%	7.6%	(5.8% pts)	6.9%	(5.1% pts)
GAAP EPS, diluted	\$0.98	\$0.08	\$0.90	\$0.08	\$0.90
Non-GAAP Op Exp	\$48.5M	\$48.5M	0.0%	\$48.4M	+ 0.3%
Non-GAAP Op Margin	7.2%	10.5%	(3.3% pts)	6.9%	+ 0.3%
Non-GAAP EPS, diluted	\$0.07	\$0.11	(\$0.04)	\$0.08	(\$0.01)

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

Revenue Trend



Q408 Revenue Highlights

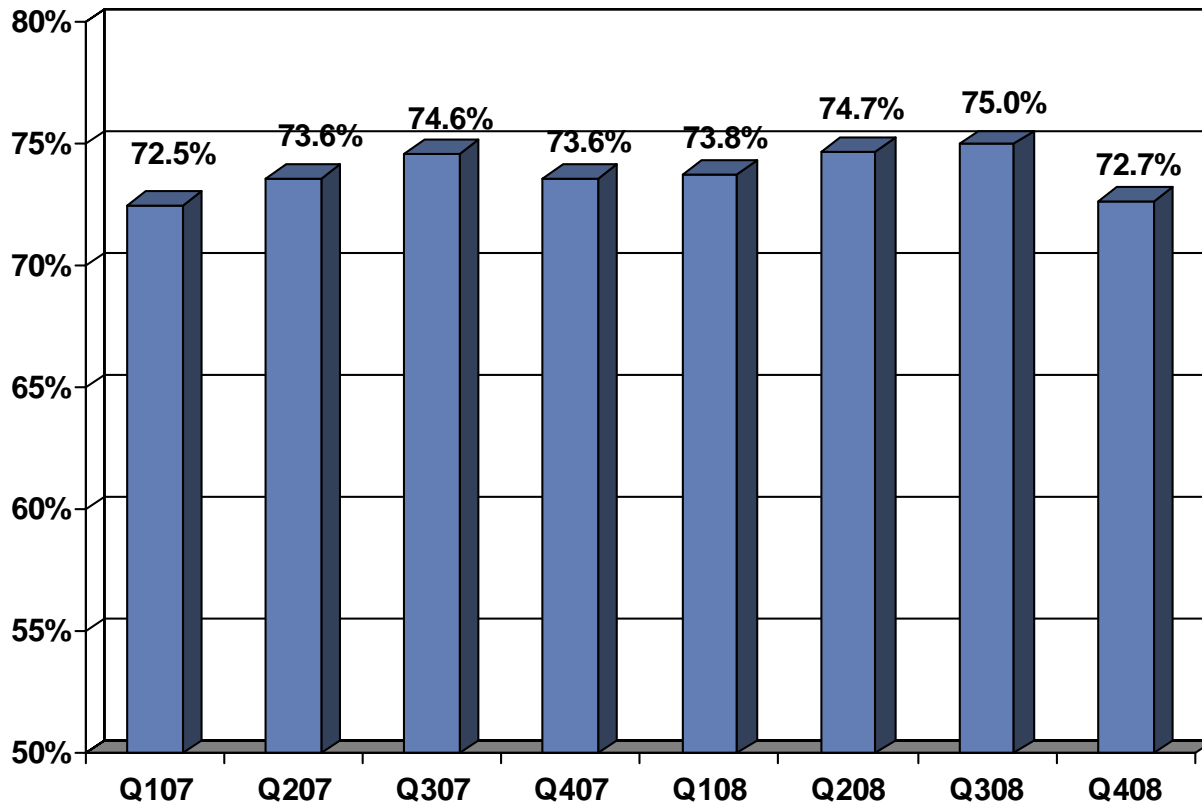
- 1.4% decrease Q/Q
- 2.2% increase Y/Y
- Sequential decrease reflects slightly lower volumes in our base business, as well as the impact of stronger dollar on European revenues

*Q207 includes 4K cases or \$5.2M from the reduction of backlog caused by the allocation of capacity to the Patients First Program during Q406 and Q107.

GAAP Financials



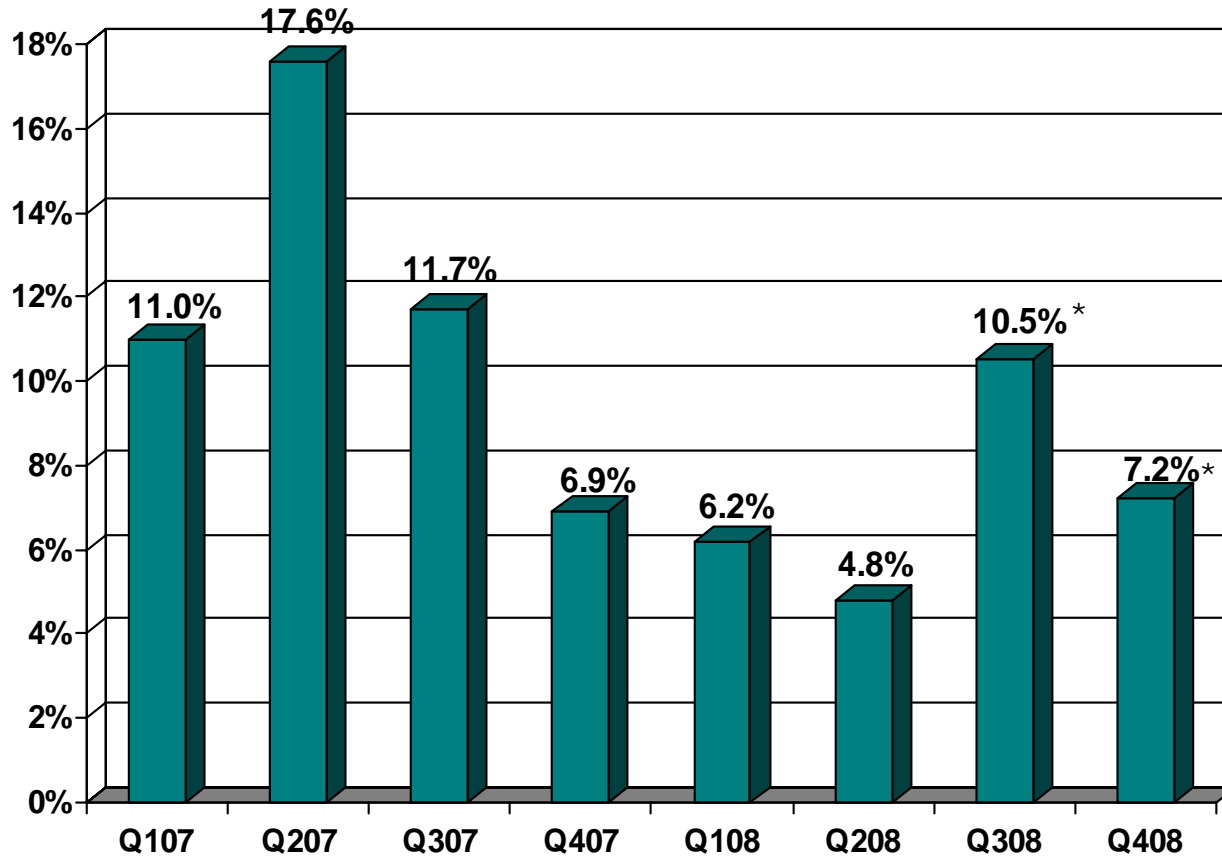
Gross Margin Trend



Q408 Gross Margin Highlights

- -2.3% pts. Q/Q
- -0.9% pts. Y/Y
- Exchange rate impact on International revenues reduced gross margin by 1% point sequentially
- Incurred increased freight and transition costs associated with the completion of the move for our order-acquisition group to Juarez, Mexico
- Q4 gross margin included \$455 thousand in stock based compensation expense

Operating Margin Trend



Q408 Op Margin* Highlights

- 0.3% pts. Y/Y
- -3.3% pts. Q/Q

* **Non-GAAP**

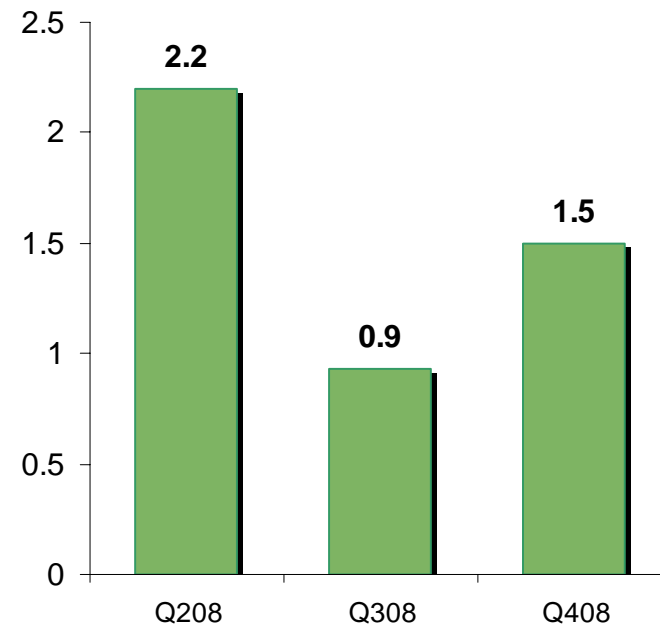
Balance Sheet Highlights

	Q408	Q308	Q407	FY 2008
Cash, Cash Equivalents, & Short Term Marketable Securities	\$110.2M	\$114.3M	\$127.9M	
Cash Flow from Operations	\$9.2M	\$17.4M	\$17.0M	\$40.2M
DSOs	64 days	59 days	56 days	

\$50M Stock Repurchase Program Completed

- In Q408, we repurchased 1.5 million shares of our common stock at an average price of \$6.92 per share for a total of \$10.7 million
- Cumulatively, we purchased a total of 4.7 million shares at an average price of \$10.73 per share

Shares in Millions



Financial Outlook

About Our Outlook

- As fiscal 2008 came to an end, economic and market conditions continued to worsen
- The result of this deteriorating environment and the impact it is having on consumer spending has created greater uncertainty for our business - beyond our normal 30 to 45 day window of visibility
- As a result, we are only providing guidance for Q1 and will make a few directional comments on how to think about 2009

Q1 Fiscal 2009 Outlook

	Q1 09 Outlook
Revenue	\$65M – \$69M
Gross Margin	72.0% – 72.5%
Operating Expenses	\$49.5M – \$50.5M
Non-GAAP Operating Expenses	\$48.5M – \$49.5M
GAAP Operating Margin	(4%) – 0%
Non-GAAP Operating Margin	(2%) - 1%
GAAP EPS, diluted	(\$0.04) – \$0.00
Non-GAAP EPS, diluted	(\$0.03) – \$0.01
Stock based compensation	\$4.2M
Diluted shares outstanding	69M
Case Shipments	44.5K – 47.0K

A reconciliation of GAAP to Non-GAAP can be found at <http://investor.aligntech.com>

Fiscal 2009 Commentary

- For fiscal 2009, there are some elements we will provide directional comments and perspective on, particularly those we can manage such as operating expense
- Revenues: The greatest uncertainties beyond Q1 involve case volume and revenues. It will be very difficult to grow in this environment and are expecting 2009 revenues to decline from 2008
- Gross margins: We believe we can maintain gross margin at levels comparable to Q4 08, although with our relatively fixed manufacturing cost structure, volumes can move gross margin up or down in any particular quarter. Also, movement in exchange rates can impact gross margin as we saw this past quarter
- Operating expenses: We've been clear about our key strategic initiatives and will continue to invest in these areas to drive long term growth and profitability, with a focus on managing our overall expenses. For the first half of the year, we expect non-GAAP operating expense to be relatively consistent with the Q1 run rate, and anticipate that spending in the second half of the year will trend lower as we begin to benefit from the transition of our shared service organizations to Costa Rica.
- Stock-based compensation expense for fiscal 2009 is expected to be ~\$20 million
- Shares outstanding for fiscal 2009 is expected to be ~70 million

Effective Tax Rate

- As a result of releasing our tax valuation reserve in Q4, we now have more variability in our effective tax rate. The most significant impact on this variability will be the amount of profit before taxes and the taxes related to stock-based compensation
- As we have mentioned, we expect revenues to be down year over year. Accordingly, we have reduced expectations on profit before taxes. As a result of lower expectations for profit before taxes, we now expect our full year effective tax rate to be significantly higher than was previously indicated.
- For Q1 09, given our outlook, we would expect to have minimal tax expense
- From a cash position, we expect to pay minimal cash taxes for some time as we will utilize the net operating losses (NOLs) on our tax returns. As of Q4 08, we had approximately \$190 million in NOLs

Effective Tax Rate - Illustrative Example Only

	Example #1	Example #2
Pre-Tax Income	\$10	\$5
Tax @ 40%	\$4	\$2
Stock Options Expense	\$5	\$5
Tax @ 40%	\$2	\$2
Total Tax	\$6	\$4
Effective Tax Rate on Pre-Tax Income	60%	80%

Note: Example provided for illustration purposes only and not intended to suggest, imply or predict Align's effective tax rate, which may differ substantially from the example provided.

Contact Align Technology Investors Relations at:

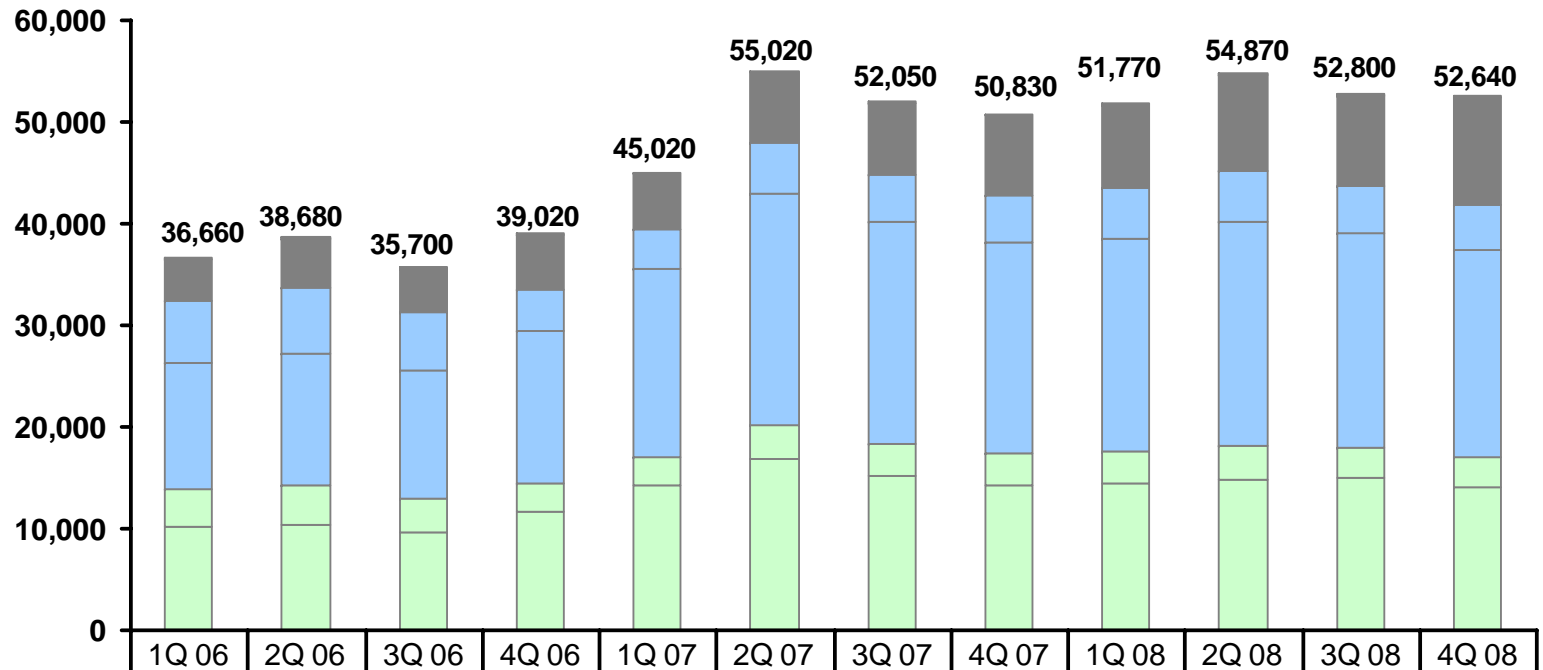
- Email: investorinfo@aligntech.com
- Tel: (408) 470-1000
- Shirley Stacy, Senior Director, Investor Relations
- Yin Cantor, Manager, Investor Relations

Additional Data

Historical Information as of 12/31/08

Note: Some previously provided historical information has been adjusted to reflect changes in rounding methodology.

Cases Delivered

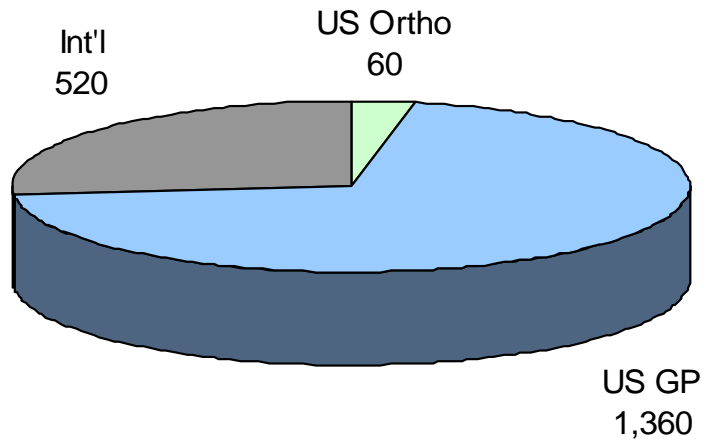


	1Q 06	2Q 06	3Q 06	4Q 06	1Q 07	2Q 07	3Q 07	4Q 07	1Q 08	2Q 08	3Q 08	4Q 08
■ Int'l - Express	130	150	140	140	110	110	130	120	130	160	190	290
■ Int'l - Full	4,080	4,850	4,310	5,400	5,450	7,030	7,160	7,950	8,200	9,520	8,950	10,480
■ US GP - Express	6,150	6,500	5,780	3,960	3,840	4,910	4,600	4,630	4,950	4,970	4,620	4,400
■ US GP - Full	12,320	13,010	12,510	15,150	18,610	22,760	21,870	20,800	20,900	22,140	21,070	20,460
■ US Ortho - Express	3,800	3,730	3,410	2,700	2,810	3,370	3,130	3,060	3,090	3,250	2,970	3,000
■ US Ortho - Full	10,180	10,440	9,550	11,670	14,200	16,840	15,160	14,270	14,500	14,830	15,000	14,010

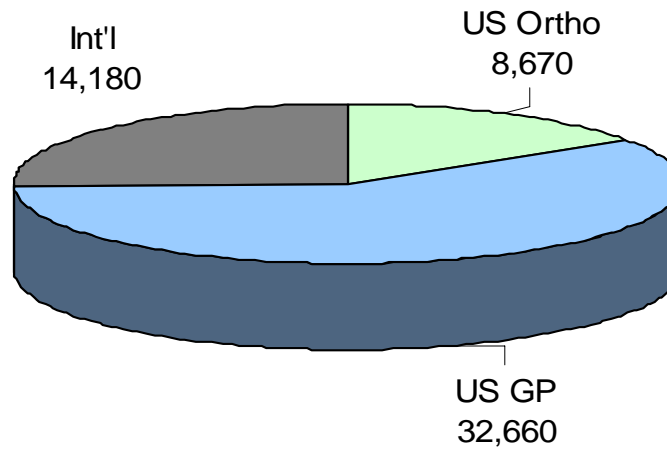


Trained Doctors

Doctors Trained in Q4 08
1,940 Worldwide

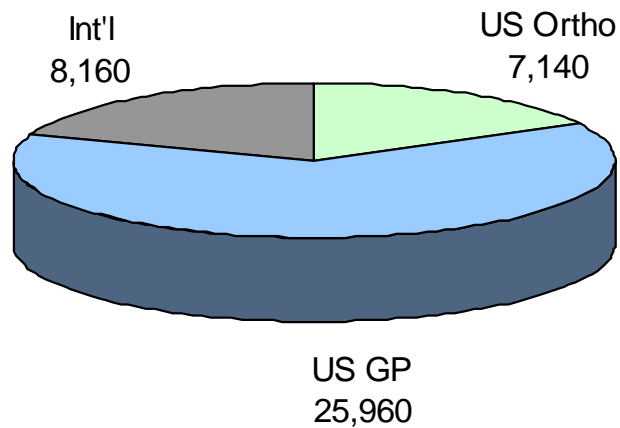


Doctors Trained Since Inception
55,510 Worldwide

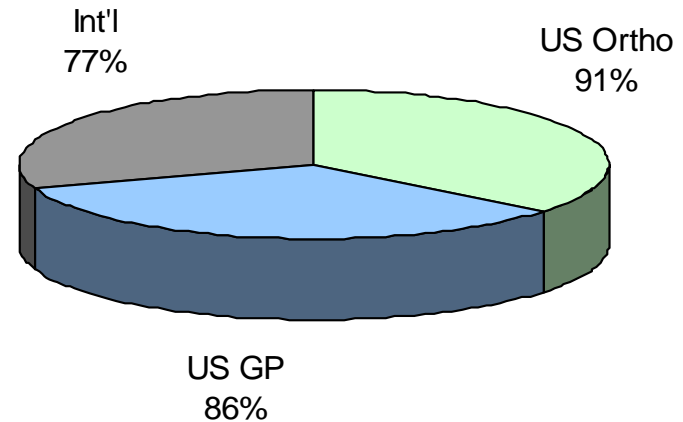


Doctors Use of Invisalign Since Inception

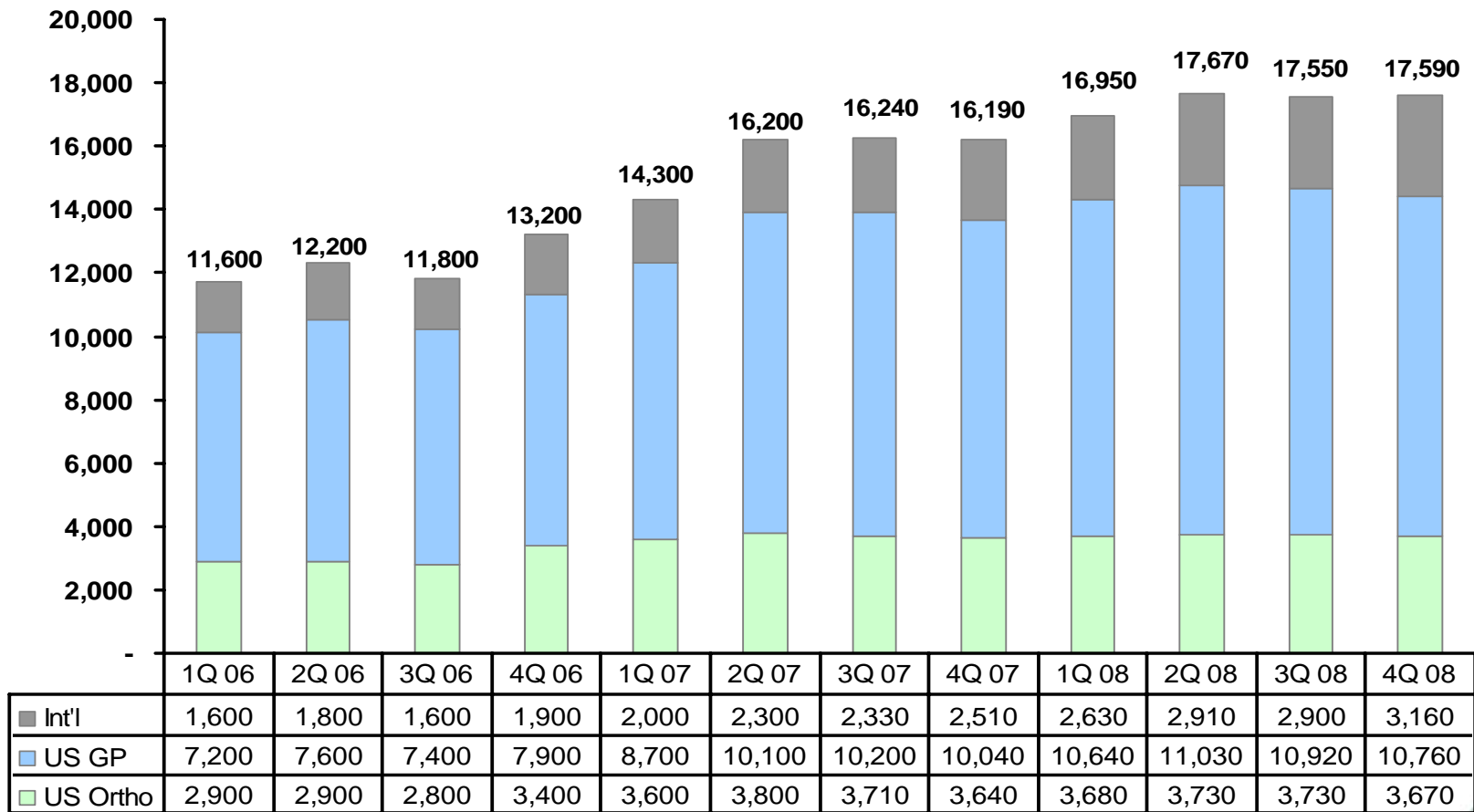
**Total # of Doctors Who Have Used Invisalign
41,260 Worldwide**



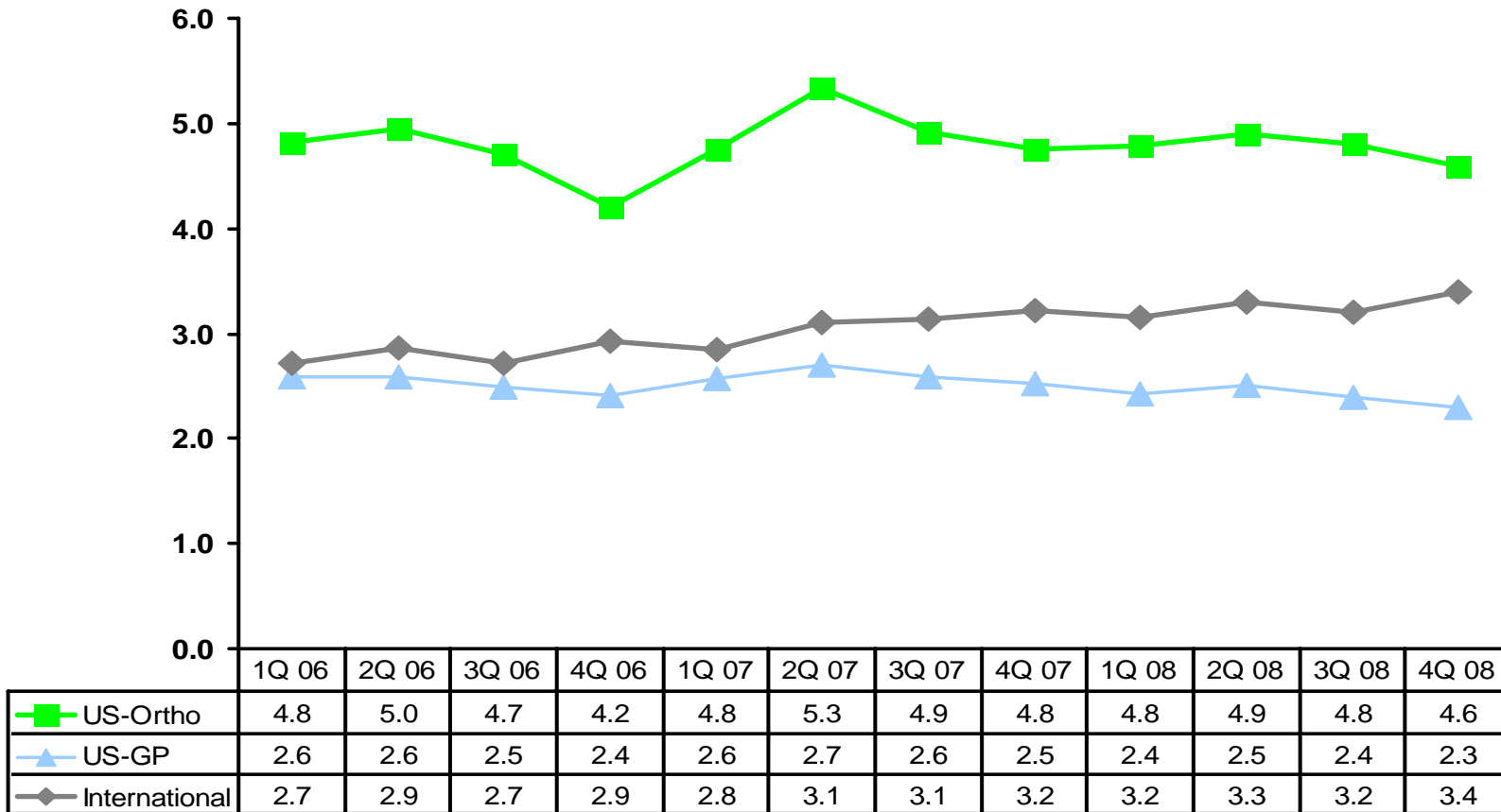
**% of Doctors Starting Multiple Cases
85% Worldwide**



Total # of Doctors Receiving Cases



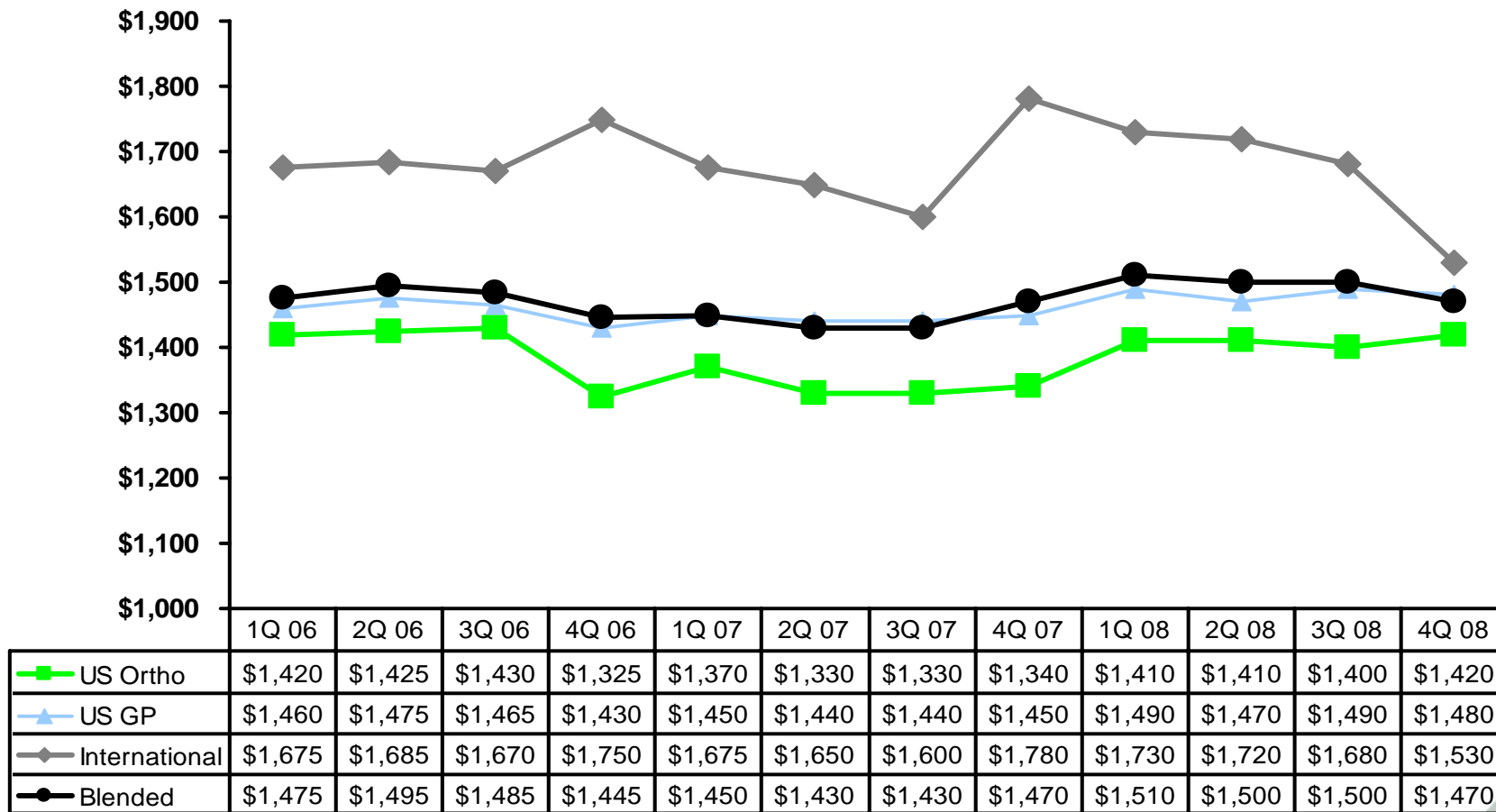
Utilization Rate*



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



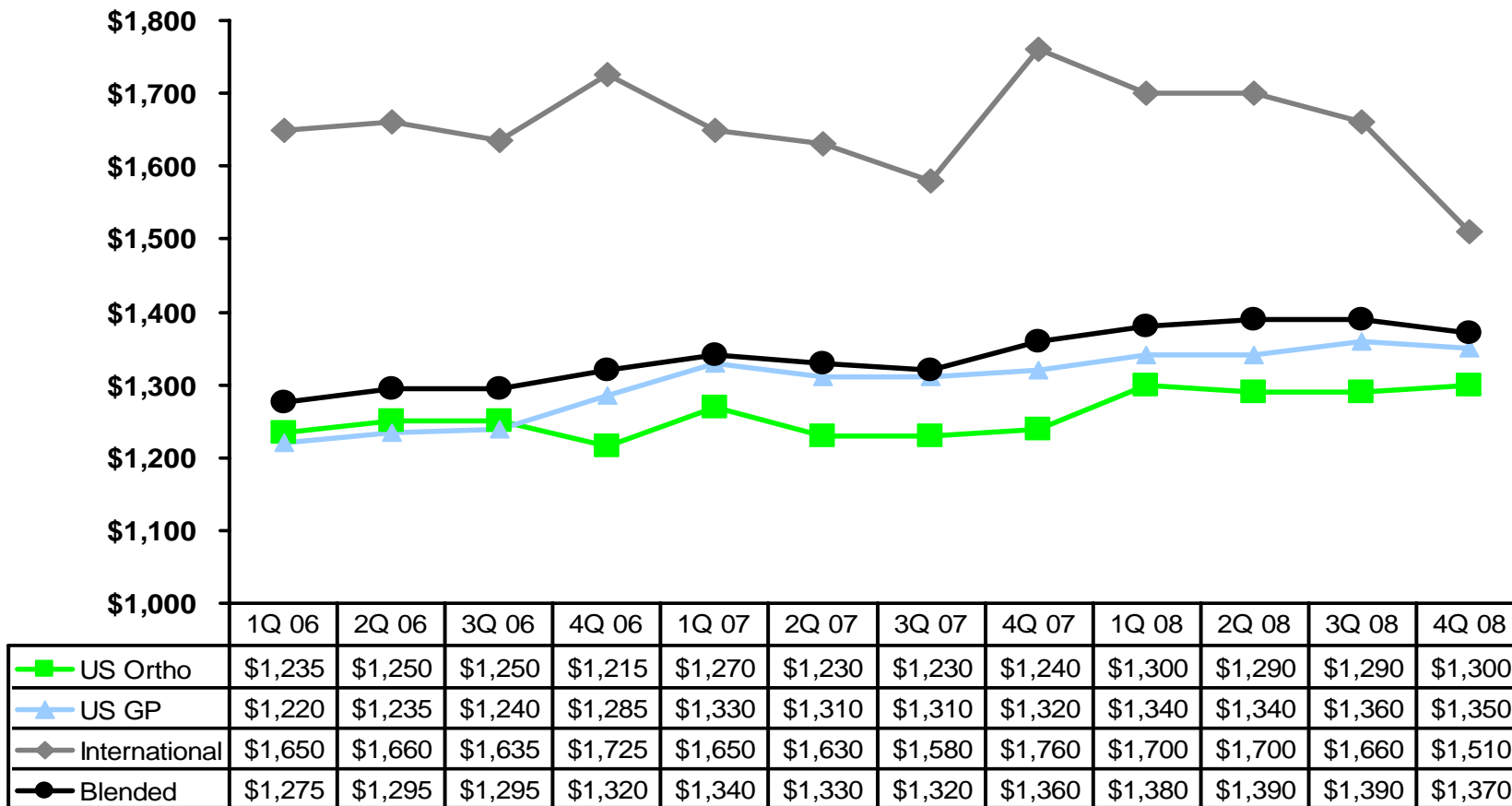
Average Selling Price (ASP) Excluding Invisalign Express



Note: Beginning in Q1 2008, ASPs reflect gross revenue prior to impact from product deferrals



Average Selling Price (ASP) Including Invisalign Express



Note: Beginning in Q1 2008, ASPs reflect gross revenue prior to impact from product deferrals





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Quarterly Financial Results
Q4 FY2008

