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ALIGN TECHNOLOGY, INC.

Financial Results
Q3 2016

Align Technology, Inc – Q3 2016 Financial Results

Conference Call

- Speakers:
  - Joe Hogan, President and CEO
  - David White, CFO
  - Shirley Stacy, VP, Corporate Communications & Investor Relations
- Replay and Web cast Archive
  - Telephone replay will be available through 5:30pm ET November 21, 2016
  - Domestic callers: 877-660-6853
  - International callers: 201-612-7415
  - Conference # 13646649
  - 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 fourth quarter of 2016, including, but not limited to, anticipated net revenues, gross margin, operating expenses, operating profit, diluted earnings per share, 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, 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, our ability to successfully achieve the anticipated benefits from the scanner and services business, 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 year ended December 31, 2015, which was filed with the Securities and Exchange Commission (SEC) on February 25, 2016, and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, which was filed with the SEC on August 4, 2016. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason

Announces Retirement of David L. White, Names John F. Morici as New CFO

- Announced the retirement of David L. White who will step down as CFO effective November 10 and stay with the Company through February 2017.
- During this transition period, Mr. White will continue to oversee certain planning and ERP implementation projects and will work closely with newly appointed CFO John F. Morici to ensure a smooth transition.
- White has served as Align's CFO since 2013 and has had a significant role in supporting Align's strong growth and expansion activities worldwide.

Q3 2016 Financial Highlights

- Q3 was a solid quarter with revenue, margins and EPS above the high end of our guidance.
- Our results were driven by record Invisalign case volume, up 20.5% year-over-year reflecting growth across all customer channels and geographies, as well as continued demand for iTero scanners.

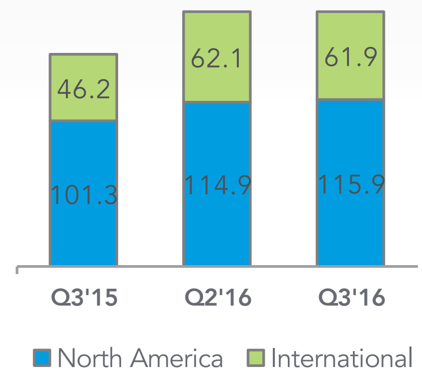
	Q3'16	QoQ	YoY
Total Net Revenues	$278.6	*+3.4%*	*+34.2%*
- Clear Aligner	$243.7	*+0.1%*	*+22.9%*
- Scanner & Services	$34.9	*+34.7%*	*+273.7%*
Case Shipments	177,755	*+0.4%*	*+20.5%*
EPS, diluted	$0.63	*$0.01*	*$0.29*

Q3 2016 Clear Aligner Highlights
Shipments and Utilization

North America

- +0.9% Q/Q: driven by teenage cases which increased 20% from Q2 reflecting another record quarter for Ortho utilization. Offset by NA GP volumes, which were down sequentially due primarily to seasonally slower period for GPs, as well as a weaker dental market. The GP channel remains challenging particularly among low-volume practices.
- +14.5% Y/Y: NA Ortho volumes was strong and GP growth rate was solid, especially considering tougher 2015 comps
- Pleased with our Q3 results, our incoming case receipts in North America were lower than expected. We believe case receipts were impacted primarily due to a weaker dental market for GPs, as well as a lack of teen promotional activity for Orthos. Today, with more than a month into Q4, I'm pleased to report that our North America case receipts have since improved and the demand outlook appears solid. David will provide more details in his business outlook.

Case Shipments (K)



Utilization	Q3'15	Q2'16	Q3'16
NA Orthos	9.9	10.7	**11.1**
NA GPs	2.9	3.1	**3.0**
Int'l	4.6	5.0	**4.9**

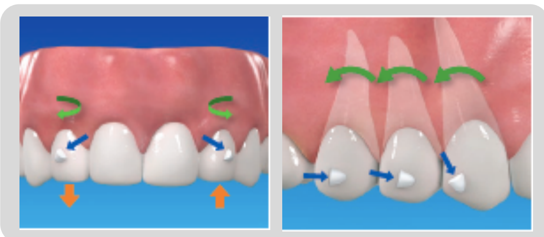
Q3 2016 Clear Aligner Highlights
Shipments and Utilization

International

- -0.5% Q/Q: driven by strong growth in Asia Pacific and offset by summer seasonality in EMEA – especially in southern Europe where doctors and their patients typically take extended holidays
- +33.8% Y/Y: continued strong performance across both EMEA and APAC.
- EMEA +27.0% Y/Y: continued adoption of Invisalign in core markets led by Spain and France, as well as rapid growth from expansion into new country markets including Eastern Europe, Benelux, and Nordics regions
- APAC +44.3% Y/Y led by China and Japan. Most APAC country markets had record shipments including China, Japan, Taiwan, Hong Kong and Southeast Asia markets

Utilization	Q3'15	Q2'16	Q3'16
NA Orthos	9.9	10.7	**11.1**
NA GPs	2.9	3.1	**3.0**
Int'l	4.6	5.0	**4.9**

Product Innovations
Invisalign G7, ClinCheck Pro, Weekly Aligner Changes



- Invisalign G7 for enhanced finishing
- Enhanced upper lateral and optimized root control

- ClinCheck Pro 5.0
- Even more control and an exceptional user experience

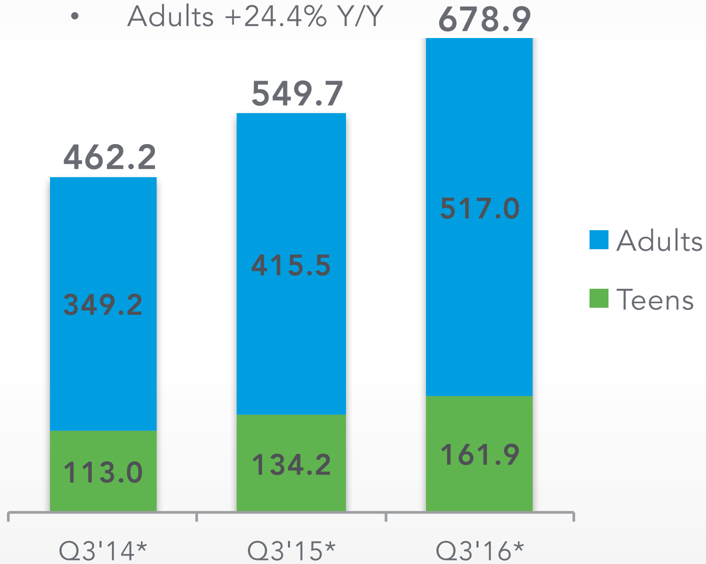
- Shorter treatment times with weekly aligner changes for all Invisalign Teen and Full products

Q3 2016 Clear Aligner Highlights

Teens and Adults

Annualized Teen & Adult Case Mix (#K)

Trailing 12 month growth
- Teens +20.6% Y/Y
- Adults +24.4% Y/Y



- On a 12-month basis, 161.9K teens started orthodontic treatment with Invisalign, +20.6%
- Q3'16 teenage cases +19.0% Q/Q, +17.4% Y/Y, driven by continued adoption worldwide
  - North America orthodontist teenage volume grew 14.3% Y/Y
  - International teenaged patient volume grew 36.4% Y/Y with strong growth particularly from Asia Pacific region

* Trailing 12 months case shipments

Q3 2016 Invisalign Clear Aligner Consumer Highlights

North America

- Partnered with the AAO at the start of NYC Fashion Week in September to highlight the best fashion accessory ever– a great smile as a result of Invisalign treatment.

EMEA

- Consumer outreach focused primarily_on our 4 Million Smiles campaign and the launch of the Patient Experience Programme in the UK market.

APAC

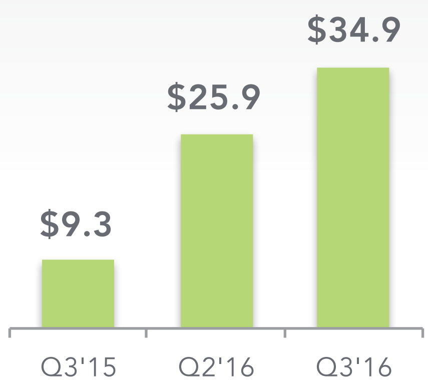
- Consumer marketing campaigns are focused in key markets.

- China Big Bang Consumer Campaign > 379% increase in consumer website traffic

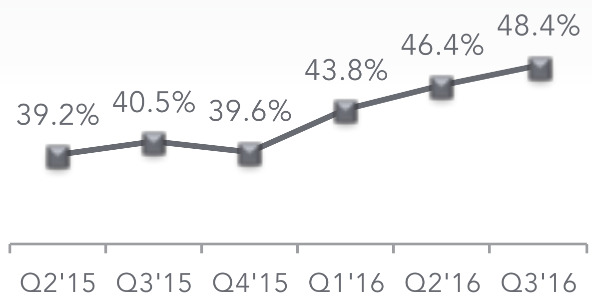
- Australia Teen campaign

Q3 2016 Scanner and Services Highlights

Scanner Revenues ($M)



% of Digitally Submitted Invisalign Cases*



*North America digital scans

iTero element

- Q3 revenues +34.7% Q/Q and +273.7% Y/Y
- Record number of units shipped in the quarter primarily in North America
- Demand for the iTero Element scanner has stabilized

- For Q3, total Invisalign cases submitted with a digital scanner worldwide increased to 39.6%
  - 48.4% from North America
  - 22.0% from International doctors
- Completed the final validation process for 3Shape's Trios scanners in which Invisalign providers with a Trios scanner can now submit digital scans as part of the Invisalign case submission process.

Product Innovations
iTero Element 1.4 Software and Invisalign Outcome Simulator 4.0

- iTero Element 1.4 software upgrade includes color scanning, restorative pre-treatment scanning, and optimized orthodontic scanning.

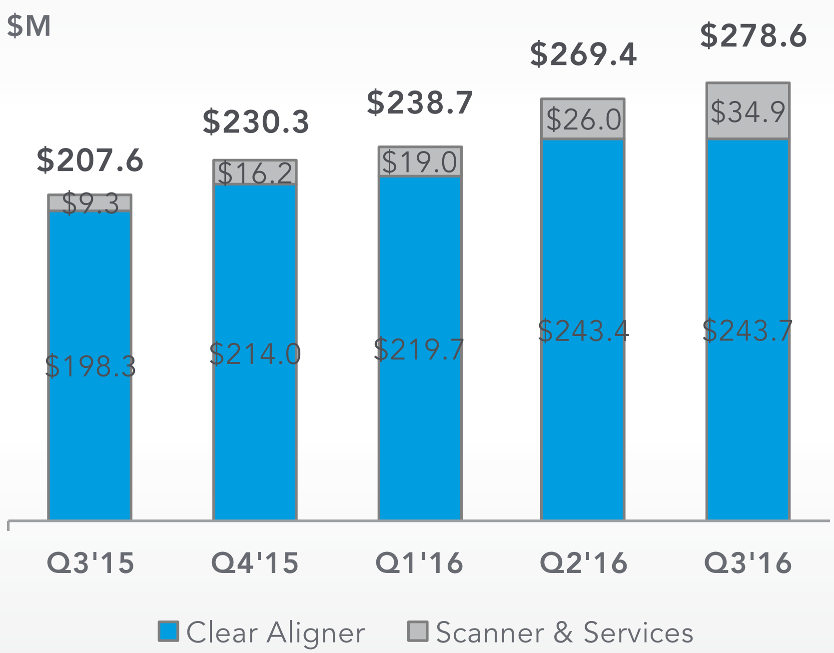
- Enhanced Invisalign Outcome Simulator 4.0 application with Invisalign 3D Progress Tracking and Patient Simulation Sharing.
  - 3D Progress Tracking: gives Invisalign providers the ability to compare a patient's new scan with a specific stage of their ClinCheck treatment plan
  - Patient Simulation Sharing: Ability to easily share the patient's 3D simulated Invisalign treatment outcome through a protected patient portal which can be viewed on smartphones, tablets and computers.

iTero Element Intraoral Scanner with Invisalign® 3D Progress Tracking

Q3 2016 Financial Review

David White
CFO

Net Revenues Trend



Q3'16 Net Revenues Highlights

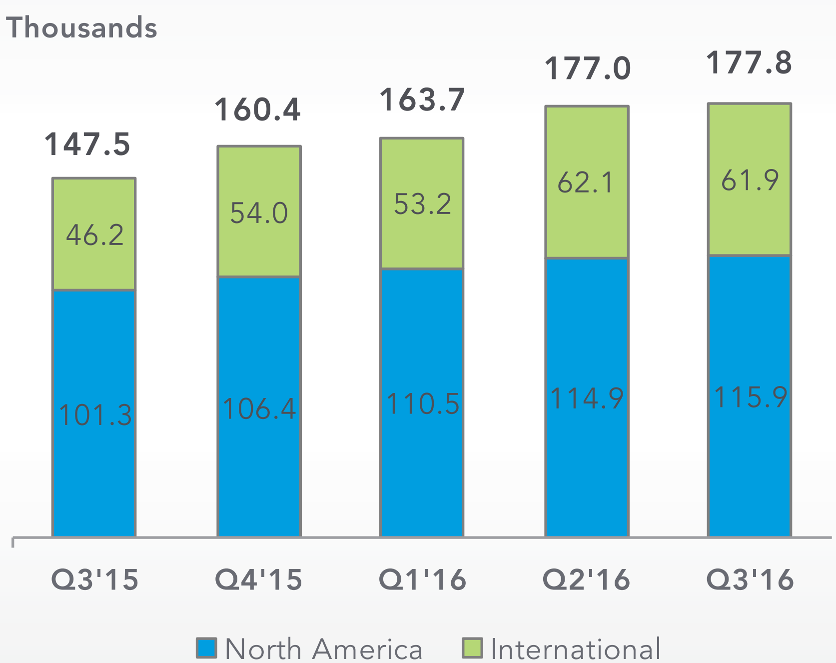
Net revenues of $278.6M, +3.4% Q/Q, +34.2% Y/Y.

Clear Aligner net revenues, +0.1% Q/Q, +22.9% Y/Y

- Q/Q flat reflecting a slight increase in clear aligner volumes
- Y/Y growth across all customer channels and geographies as well as our price increase in International markets
- ASPs flat Q/Q, reflecting a slightly higher mix of full and teen product, the partial impact of an international price increase which were offset by several factors including higher product discounts
- ASPs up $26 Y/Y primarily due to a price increase this year partially offset by higher product discounts
- July marks a full year since we implemented the Additional Aligner policy and therefore our Y/Y no longer reflects the impact from this policy change. That said, our results still, however, reflect the impact from the grandfathered cases that were under the previous policy.

Scanner & Services net revenues, +34.7% Q/Q, +273.7% Y/Y

Clear Aligner Shipments Trend



Note: Data may not total due to rounding

Q3'16 Clear Aligner Shipment Highlights

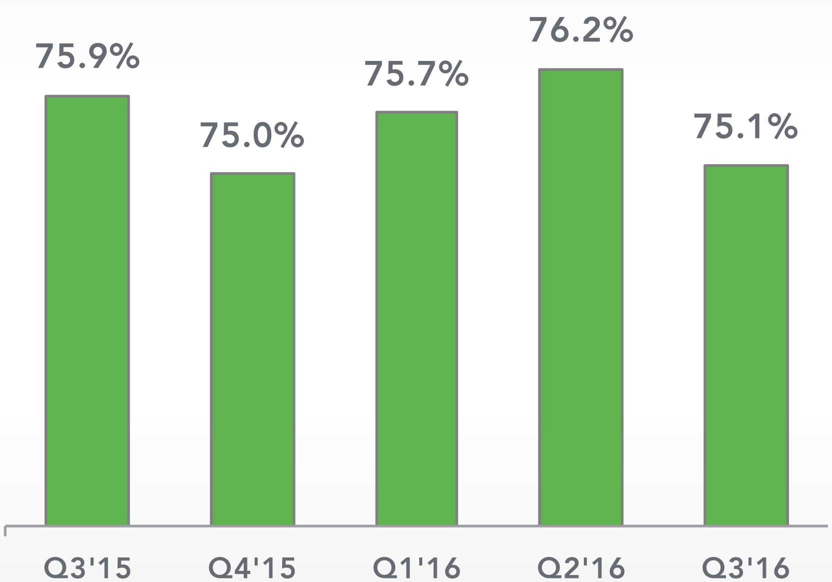
Shipments of 177.8K, +0.4% Q/Q, +20.5% Y/Y

- Q/Q reflects growth from our North American Orthos and APAC region offset by seasonality across North American GPs and the EMEA region
- Y/Y driven by growth across all regions

<u>Channel Highlights</u>

- N.A. Orthodontists +3.8% Q/Q, +18.2% Y/Y
- N.A. GP Dentists -2.7% Q/Q, +9.8% Y/Y
- International -0.5% Q/Q, +33.8% Y/Y

Gross Margin Trend



Q3’16 Gross Margin Highlights

- Gross profit was $209.2M or 75.1% gross margin
- Gross Margin -1.1 pts Q/Q, -0.8 pts Y/Y both primarily attributable to a larger percentage of Scanner and Services revenue, which carries a lower margin than Clear Aligner
- Includes stock based compensation expense of $1.0M

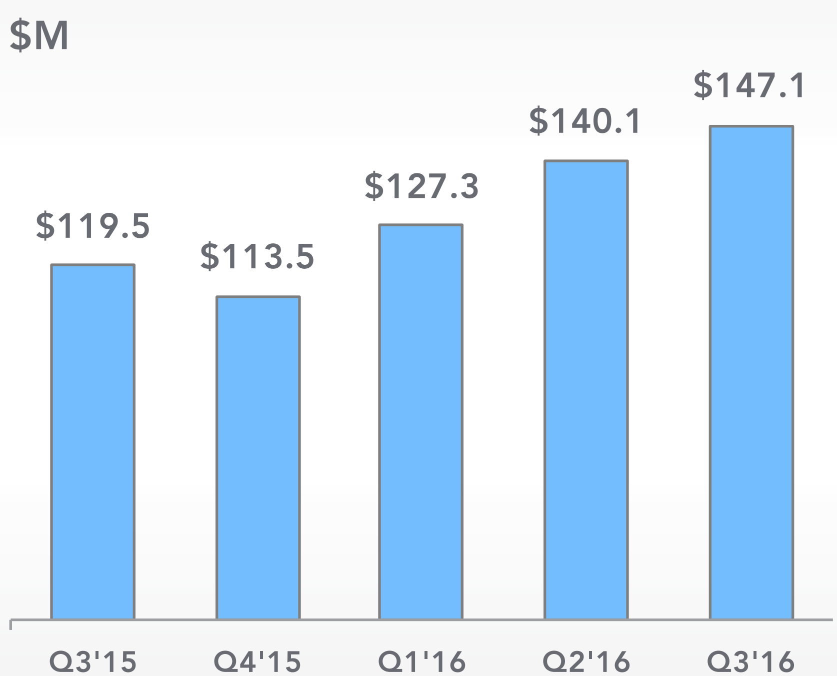
Clear Aligner Gross Margin: 77.7%

- -0.9 pts Q/Q, -1.1 pts Y/Y
- Q/Q decrease was primarily driven by a higher number of aligners per case partially offset by seasonally lower training.
- Y/Y decrease was also primarily driven by a higher number of aligners per case, partially offset by a higher worldwide ASP

Scanners & Services Gross Margin: 57.1%

- +3.5 pts Q/Q, +42.4 pts Y/Y
- Q/Q and Y/Y increase primarily a result of higher ASPs and the lower manufacturing costs of our iTero Element scanner relative to the prior version

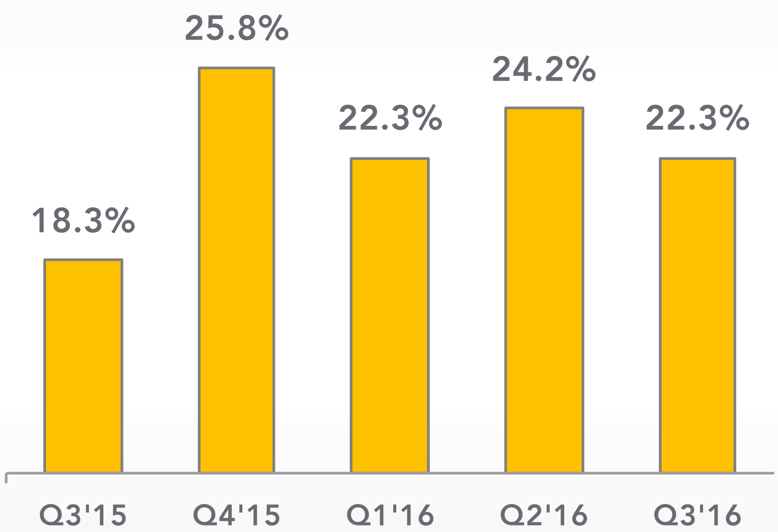
Operating Expense Trend



Q3'16 Operating Expense Highlights

- Operating expense was $147.1M
- Q/Q: +$7.0M primarily due to payroll and other costs related to increased headcount, higher depreciation as we started to depreciate our newly implemented ERP system, as well as post "go live" support costs, but should be decreasing over the short term
- Y/Y: +$27.6M increased headcount and continued investment in our go-to-market activities incidental to the growth of the business
- Includes stock-based compensation expense of $12.7M

Operating Margin and EPS Trend



EPS	$0.34	$0.60	$0.50	$0.62	$0.63

Q3’16 Operating Margin Highlights

- Operating profit $62.1M and operating margin 22.3%
- Operating margin -1.9 pts. Q/Q, and +4.0 pts. Y/Y
- Q/Q decrease in operating margin relates primarily to slightly lower clear aligner gross margins, a higher mix of scanner revenue, which while mentioned achieved record performance, carries a lower gross margin, as well as higher operating expenses
- Y/Y increased operating margin primarily reflects lower operating expenses as a percentage of revenue due to volume leverage achieved on our Y/Y growth
- Tax rate was 18.4%, compared to 23.2% in Q2’16. Our Q3 tax rate was lower by ~5 ps due to a one-time benefit from our new international corporate structure which we implemented in conjunction with our ERP

SmileDirectClub

- Commencing Q3, we began including our relationship with Smile Direct Club (SDC) in our reported results
- We didn’t actually commence shipping product to them until the current quarter, our equity investment in SDC requires that we report our proportionate share of their losses
- Share of that loss is reported below operating margin and our tax provision and is entitled “Equity in Losses of Investee”
- Q3 loss, net of tax, was ~$0.5M

Balance Sheet Highlights

- DSO
  - Up 14 days Q/Q and Y/Y as a result of our new ERP system and other related systems that impacted the timing of our customer collections.
  - Anticipate that our DSOs will remain above our historical average for several quarters as we work through these changes
- Stock Repurchase Program Announcement
  - Concluded $50M ASR: final delivery of 143,310 shares and purchased an additional 88,000 shares for $8.2M in open market repurchases.
  - Repurchases were part of a three-year, $300M program announced on April 23, 2014. New plan to repurchase up to an additional $300M announced on April 28, 2016. Remains ~$341.8M available for repurchase
- $675.8M Cash and Cash Equivalent Balance
  - $288.3M held by the U.S
  - $387.5M held by our international entities
  - Our U.S. balances were up $107M Q/Q of which $147M was contributed as a result of implementing our new international corporate structure, which was then reduced by our investment in SDC of $47M
  - As of September 30, 2016 the balance of our equity method investments for SDC was $46.3M

(in millions except for DSOs)	Q3'15	Q2'16	Q3'16
Accounts Receivables, net	$148.4	$192.7	$245.0
DSOs	64 days	64 days	78 days
Cash, Cash Equivalent & Short-Term and Long-Term Marketable Securities	$630.0	$685.0	$675.8
Cash Flow from Operations	$60.1	$76.2	$59.8
Capital Expenditures	$(10.5)	$(18.8)	$(17.3)
Free Cash Flow*	$49.6	$57.3	$42.5

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

Factors That Inform Our View of Q4 2016

- Incoming case receipts in North America in Q3 were slower than we had originally anticipated and given our targeted turnaround time to our customers, we shipped much of our backlog as of quarter end. Since then our case receipts in North America have improved and returned to a year-over-year growth rate early in the quarter that is well ahead of both our second and third quarter performance. As such, our outlook for Q4 appears solid. However, lower Q3 case receipts and less backlog will dampen our Q4 shipment growth rate as our backlog begins to naturally return to normal levels. As such, our Q4 guidance reflects this impact. On a longer term basis, we remain confident that our Invisalign revenue growth on a full-year basis will be within the upper half of our long-term model range of 15-25%.
- International markets: Invisalign demand remains strong and we would expect Invisalign volume in Q4 to be up sequentially driven by growth in EMEA coming off of a seasonally slower summer period. APAC is usually seasonally down sequentially coming off of a strong summer.
- North America: we would expect North American Invisalign volumes in Q4 to be flat primarily as a result of the factors I just described.
- Scanner business: we expect scanner shipments to be up sequentially as the iTero Element continues to penetrate the market.

Q4 2016 Outlook

	Q4 2016
Invisalign Case Shipments	182.5 K – 184.5 K
Net Revenues	$289.2 M – $293.9 M
Gross Margin	74.7 % - 75.1 %
Operating Expenses	$149.6 M - $150.6 M
Operating Margin	23.0 % - 23.9 %
Effective tax rate	22.0 %
EPS, diluted	$0.64 - $0.67
Stock based compensation	$14.7 M
Diluted shares outstanding	81.5 M*

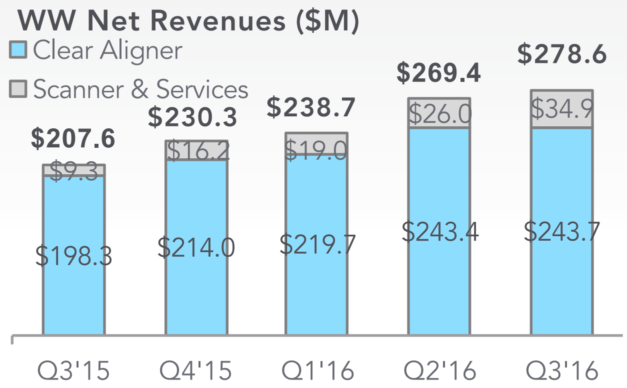
*Note: * Excludes any other repurchases during the quarter*

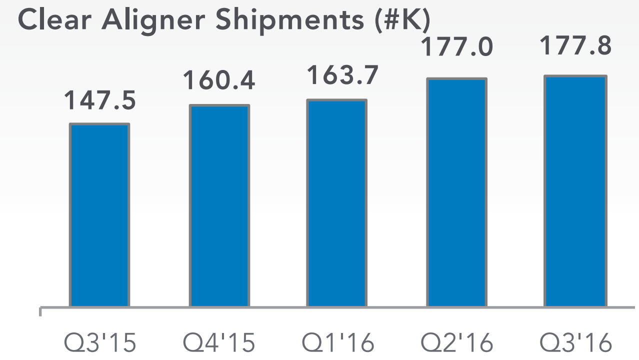
Closing Remarks

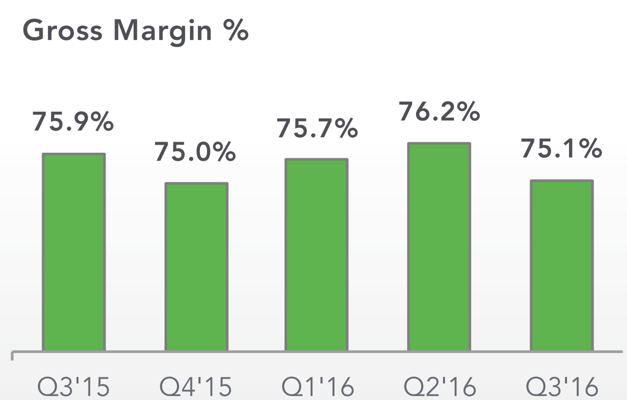
- Pleased with our Q3 results, especially the continued strength from our EMEA and APAC regions. Not withstanding weaker than expected North America case receipts in Q3, our business remains solid and on track. Based on the high end of our Q4 guidance, the implied full year results will be significantly higher than our original outlook provided back in January – with 28% revenue growth, 20% clear aligner volume growth, and 23% operating margins.
- We have a huge opportunity in front of us to replace wires & brackets and transform the orthodontic market. As we continue execute on our strategic plans I am confident in our ability to outpace the market and achieve revenue growth for 2016 and beyond at the upper end of our target of 15-25%.

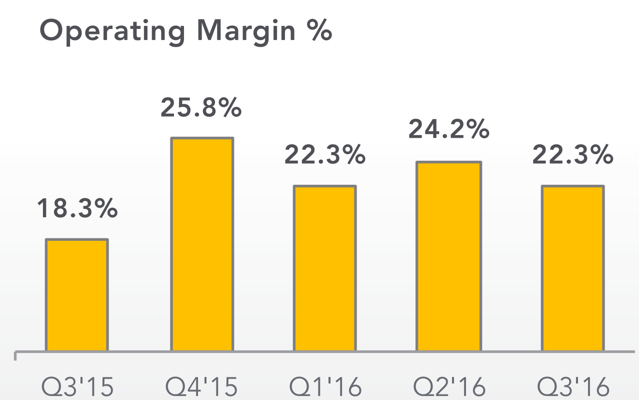
Appendix

Q3 2016 Trended Financials







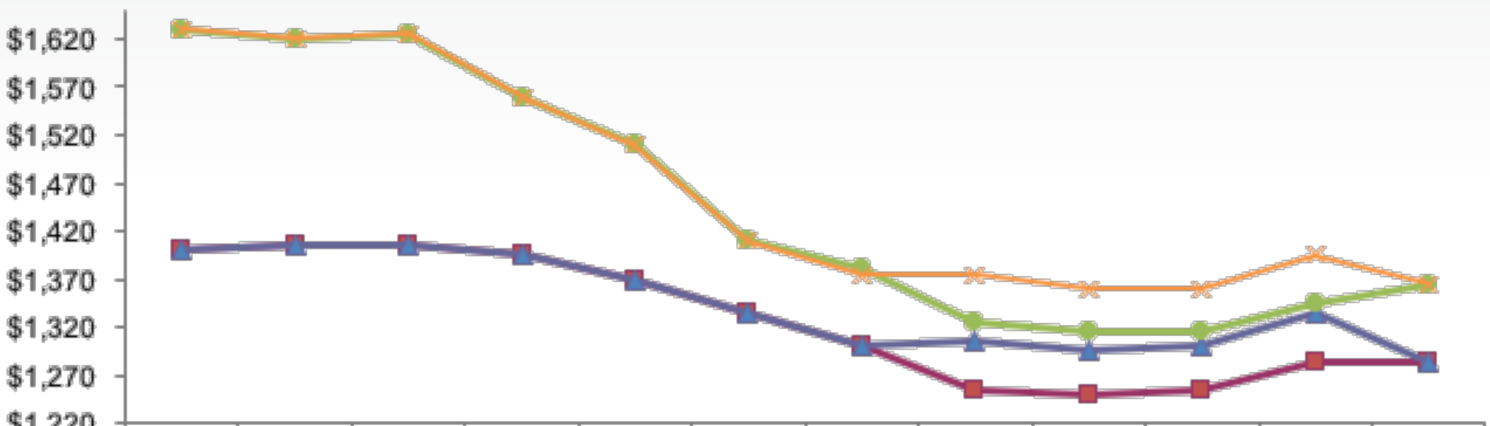


- Notes: Rounding may affect totals.
- Align implemented its new Additional Aligners policy on July 18, 2015. Refer to historical slides for constant currency and Additional Aligners impact information

3 to 5 Year Financial Model Targets

	Q3'15	Q3'16	3 – 5 Year Model
Revenue CAGR%			15 - 25%
Gross Margin	75.9%	75.1%	73% - 78%
Operating Expense %	57.6%	52.8%	45% - 50%
Operating Margin	18.3%	22.3%	25% - 30%
Free Cash Flow	23.9%	15.2%	20% - 25%

Invisalign Average Selling Price (ASP)
Worldwide and International



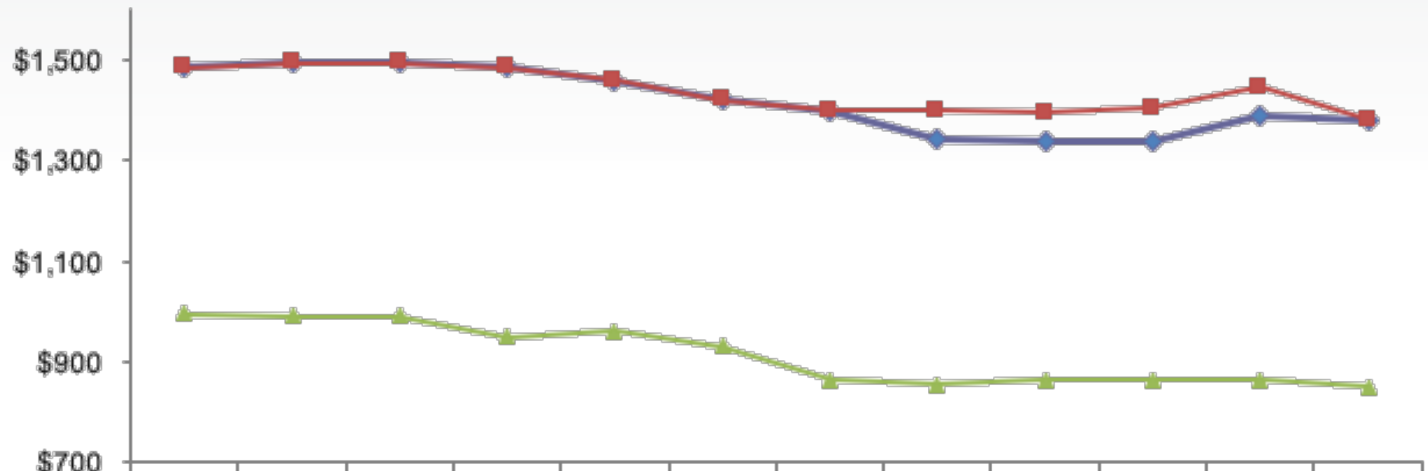
	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Worldwide	$1,400	$1,405	$1,405	$1,395	$1,370	$1,335	$1,300	$1,255	$1,250	$1,255	$1,285	$1,285
Worldwide, adjusted	$1,400	$1,405	$1,405	$1,395	$1,370	$1,335	$1,300	$1,305	$1,295	$1,300	$1,335	$1,285
International	$1,630	$1,620	$1,625	$1,560	$1,510	$1,410	$1,380	$1,325	$1,315	$1,315	$1,345	$1,365
International, adjusted	$1,630	$1,620	$1,625	$1,560	$1,510	$1,410	$1,375	$1,375	$1,360	$1,360	$1,395	$1,365

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.

Note: *we are no longer listing billed ASPs which were previously provided to reflect revenue prior to impact from product deferrals.*

Invisalign Average Selling Price (ASP)

Product Groups



	Q4'13	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Full Products	$1,485	$1,495	$1,495	$1,485	$1,460	$1,420	$1,400	$1,345	$1,340	$1,340	$1,390	$1,380
Full Products, adjusted	$1,485	$1,495	$1,495	$1,485	$1,460	$1,420	$1,400	$1,400	$1,395	$1,405	$1,445	$1,380
Express Products	$995	$990	$990	$950	$960	$930	$865	$855	$865	$865	$865	$850

Full Products: Invisalign Full, Invisalign Teen, Invisalign Assist
Express Products: Invisalign Express 10, Invisalign Express 5, Invisalign Lite, Invisalign i7

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.