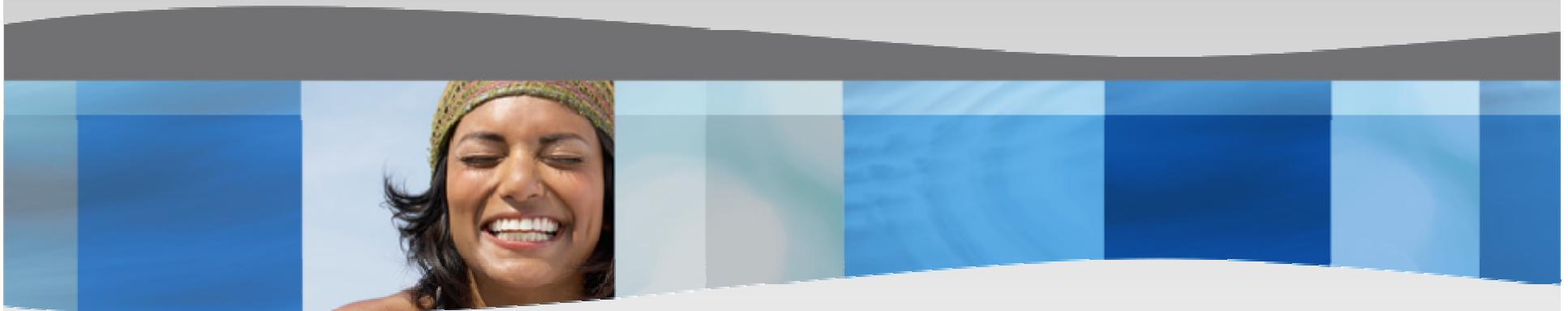


# Quarterly Financial Results

## Q2 2010

Align Technology, Inc.



# Align Technology Q2 FY2010 Conference Call

- **Speakers:**
  - Tom Prescott, president and CEO
  - Ken Arola, vice president of finance and CFO
- **Moderator:**
  - Shirley Stacy, senior director of investor relations and corporate communications
- **Replay and Web cast Archive**
  - Telephone replay will be available through 5:30pm ET August 4, 2010
    - Domestic callers: 877-660-6853
    - International callers: 201-612-7415
    - Account # 292 and conference # 353357
  - 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 the tables following, contains forward-looking statements, including statements regarding, certain business metrics for the third quarter of 2010, including anticipated 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, 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, 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, 2009, which was filed with the Securities and Exchange Commission on February 26, 2010. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

# Q2 FY2010 Overview

Tom Prescott  
President and CEO

# Q2 FY2010 Outstanding Quarter



- 3<sup>rd</sup> consecutive quarter of record revenues and shipments



- International channel helped drive sequential and year over year growth



- Sequentially saw improvement in lower volume customers

# Q2 FY2010 Financial Highlights

- Revenues of \$108.2 million
  - Includes the release of \$14.3 million of previously deferred revenue for Invisalign Teen replacement aligners
- Record Non-GAAP revenues of \$93.9 million
  - +4.2% Q/Q, +23.0% Y/Y
- Record case shipments of 67,485
  - +6.1% Q/Q, +27.3% Y/Y
- Non-GAAP gross margin of 77.4%
- Non-GAAP operating margin of 23.8%
- Non-GAAP net profit of \$16.5 million or \$0.21 per share

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

6 Align Technology, Inc. All rights reserved

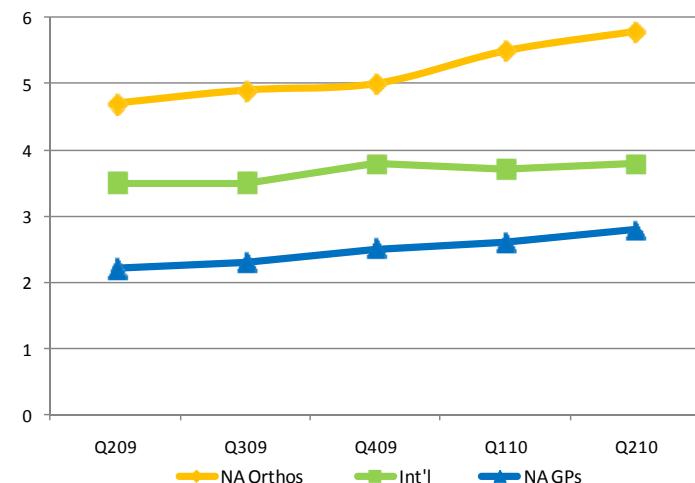


# Invisalign Adoption Metrics

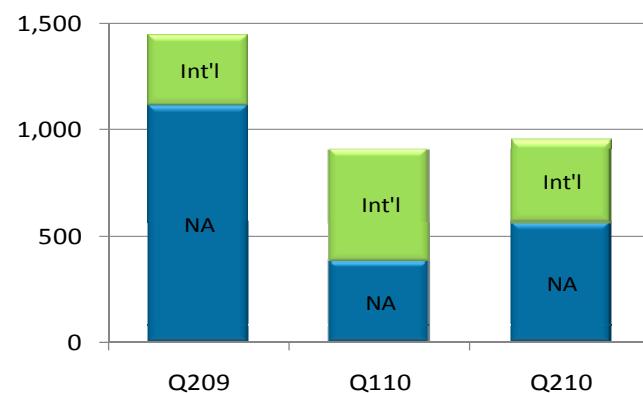
## Doctor Utilization and Training

- Q2 10 total utilization increased Q/Q and Y/Y to 3.7 cases per doctor
  - N.A. Orthodontists: increased 4.9% Q/Q and 24.2% Y/Y
  - N.A. GP Dentists: increased 5.7% Q/Q and 25.8% Y/Y
  - International: increased 4.4% Q/Q and 7.9% Y/Y
- Q2 10 Invisalign-trained doctors
  - 960 new doctors worldwide
  - 565 in North America, 395 International

Average Channel Utilization



Quarterly Doctors Trained Worldwide



# Strategy to Drive Adoption of Invisalign

- Accelerate product/technology innovation and extend clinical effectiveness
- Enhance the customer experience
- Increase effectiveness of consumer demand creation and extend the Invisalign brand
- Drive International growth, principally in Europe while we're opening up additional new markets around the world

# Product and Technology

## Q2 10 Invisalign Teen Progress

- **Teenage patients (19 and under) Segment**

- +10% Q/Q and +40% Y/Y to 22% of total WW volume
- Average age of our teenage patients shifting towards younger patients
- Average age of our teenage starts was 15 ½ years of age.

- **Invisalign Teen Product**

- Invisalign Teen revenues were \$8.4M or 9.0% of total WW revenues, + 2.9% Q/Q and + 53.1% Y/Y
- Invisalign Teen volume was 6,800 or 10.1% of total WW volume, -7.6% Q/Q and +14.7% Y/Y

**invisalign® | teen**



# Product and Technology

## *Upcoming Fall Release*

- Engineered to deliver even better, more predictable clinical results with wider applicability – that will allow our doctors to treat more complex and challenging cases
- Significant improvements and enhancements are being made in our customer facing systems like VIP and ClinCheck
- As we get closer to release, we will have more details to share with you regarding these very exciting developments



# Consumer Demand Creation

## Q2 10 Program Highlights

- Conventional Media

- Advertising spend remained flat compared to Q1. Messaging focused on reinforcing our adult treatment message and reminding consumers about Invisalign Teen, with media emphasis on national cable networks (Bravo, Lifetime, the Travel Channel, and TBS.)

- Public Relations

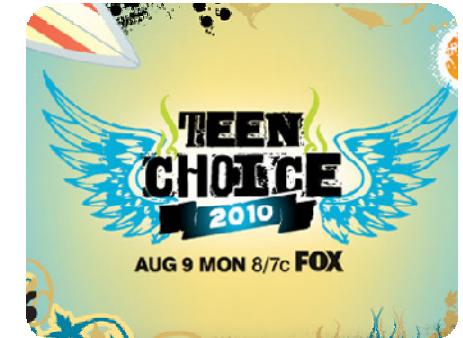
- Focus on programs that reach and educate prospective teen patients and their parents. Generated local and national media coverage in more than 220 news markets through our "Spring Beauty Tips & Trends" and "Family Summer Survival & Family Fun" satellite media tour

- Event Marketing

- Official sponsor of Journeys Backyard BBQ Tour - nationwide action sports tour hosted over 81,000 attendees in 5 major cities.

- Digital Media and Social Networking

- New entertainment-based marketing platform to create even more excitement for Invisalign Teen.
- Sponsorship of the annual Teen Choice Awards, airing prime-time on August 9 on FOX with red carpet appearance and the Invisalign Smile Cam
- For every celebrity that takes a photo, Align will donate \$1,000 to the National Children's Oral Health Foundation (NCOHF) – America's Toothfairy



# America's Toothfairy® and Invisalign



For more information on America's Toothfairy®, its mission and program, visit  
<http://www.ncohf.org>

 **invisalign® and America's Toothfairy® – the National Children's Oral Health Foundation (NCOHF)**

- Invisalign will donate \$1,000 to those celebrities who take a photo at the Teen Choice Awards on August 9.
- In addition, Invisalign will offer each of the 5 nominees in the “Choice Smile” award category the opportunity to gift Invisalign Teen treatment to an underserved youth.

# Q2 10 International Update

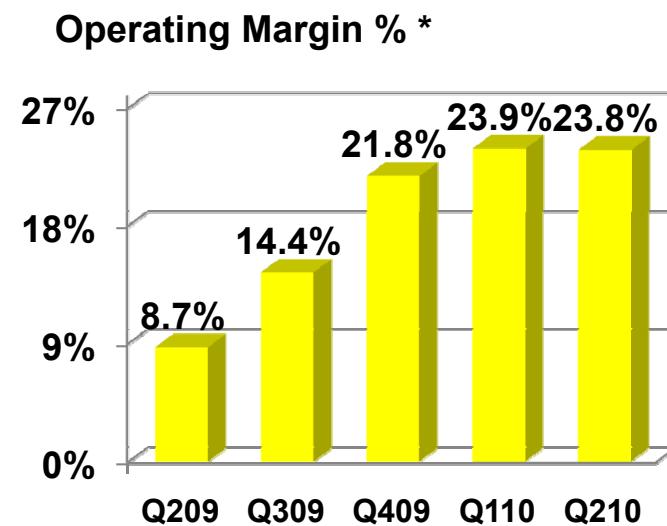
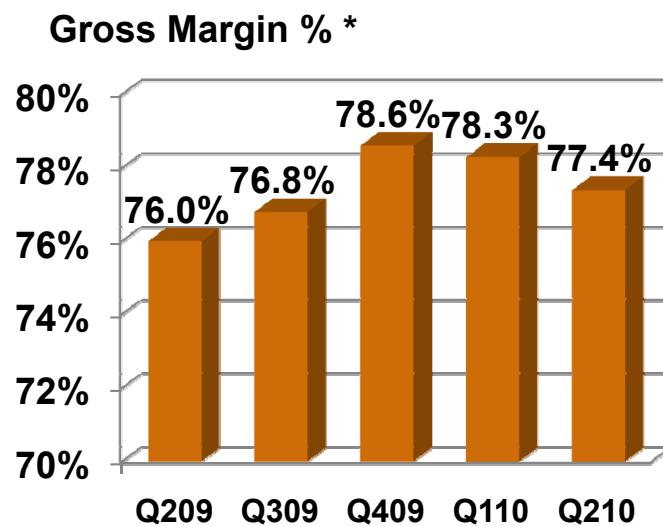
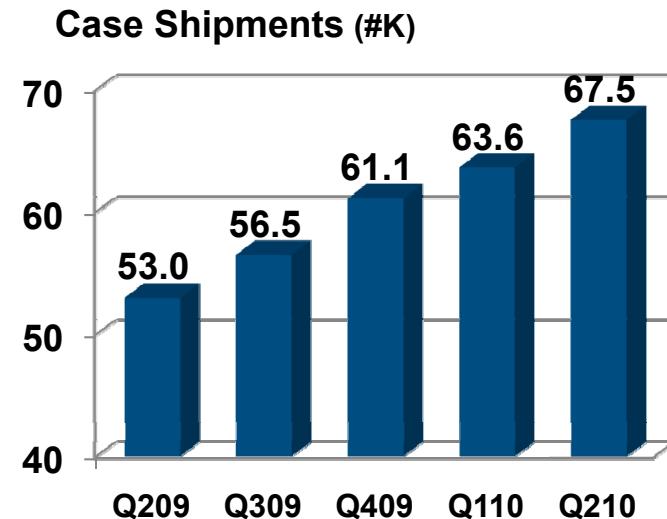
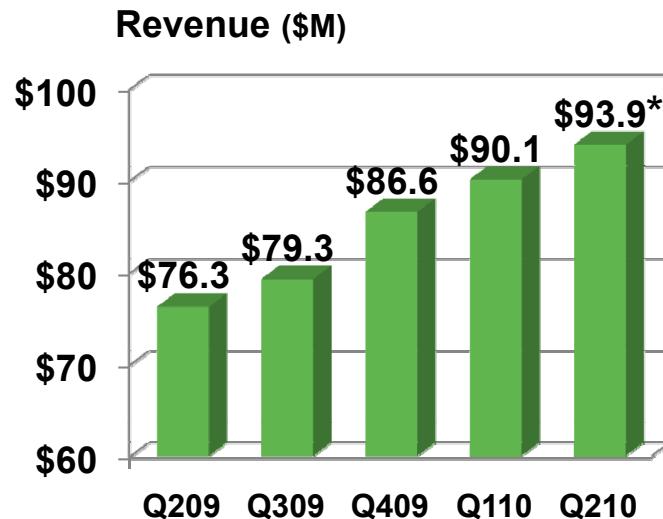
- Q2 strong quarter Internationally with record shipments in every region
- Non-GAAP revenue of \$22.0M
  - +9.9% Q/Q and +21.9% Y/Y to 23.4% of worldwide revenues
- Q2 case shipments of 15,940
  - +22.9% Q/Q and +32.8% Y/Y to 23.6% of worldwide volume
- Invisalign Lite launch off to a good start
  - Invisalign Lite, replaced Invisalign Express, and offers doctors a new option for less complex orthodontic cases, such as short-term aesthetic cases, relapsed cases and pre-restorative treatments, using a limited number of aligners at a more affordable price.
- Welcome Richard Twomey, new VP International
  - 13 years experience within Johnson & Johnson's DePuy Orthopaedic International Business
  - Richard Twomey will be based in San Jose



# Q2 FY2010 Financial Review

Ken Arola  
Vice President, Finance and CFO

# Q2 FY2010 Trended Financials



\* Non-GAAP

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 FY2010 Revenue and Cases by Channel

## Q2 10 Revenue: \$93.9M \*

N.A. Ortho: 31%

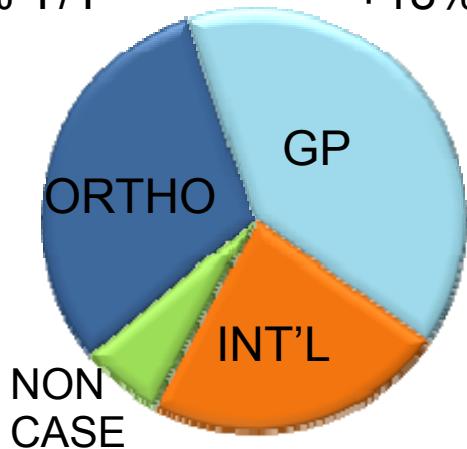
- + 3% Q/Q

- +35% Y/Y

N.A. GP: 40%

- + 0.5% Q/Q

- +18% Y/Y



Non-case: 6%

- +15% Q/Q

- + 9% Y/Y

Int'l: 23%

- +10% Q/Q

- +22% Y/Y

## Q2 10 Case Shipments: 67,485

N.A. Ortho: 34%

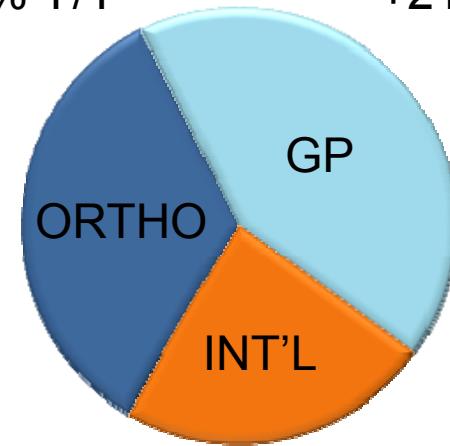
- + 4% Q/Q

- +32% Y/Y

N.A. GP: 42%

- - 0.1% Q/Q

- +21% Y/Y



Int'l: 24%

- +23% Q/Q

- +33% Y/Y

\* Non-GAAP

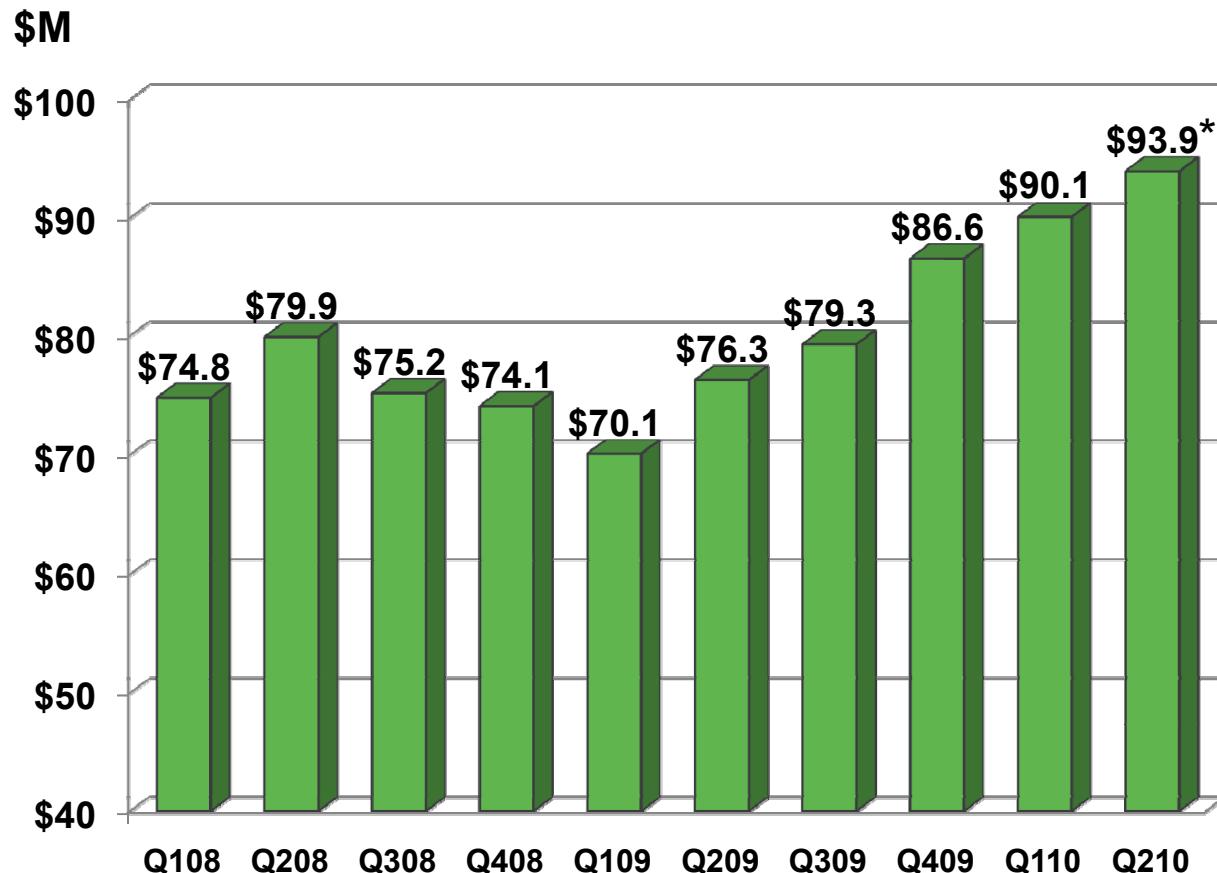
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# Q2 FY2010 Income Statement Highlights

	Q2 10	Q1 10	Sequential Change	Q2 09	Year/Year Change
<b>Revenue</b>	\$108.2M	\$90.1M	20.1%	\$76.3M	41.8%
<b>Non-GAAP Revenue</b>	\$93.9M	\$90.1M	4.2%	\$76.3M	23.0%
<b>Gross Margin</b>	80.4%	77.4%	+3% pts	76.0%	+4.4% pts
<b>Non-GAAP Gross Margin</b>	77.4%	78.3%	(0.9% pts)	76.0%	+1.4% pts
<b>Operating Expenses</b>	\$41.7M	\$49.0M	(15.0%)	\$51.7M	19.4%
<b>Non-GAAP Op Exp</b>	\$50.3M	\$49.0M	+ 2.7%	\$51.3M	(1.9%)
<b>Operating Margin</b>	41.9%	23.0%	+18.9% pts	8.2%	+33.7% pts
<b>Non-GAAP Op Margin</b>	23.8%	23.9%	(0.1% pts)	8.7%	+15.1% pts
<b>GAAP EPS, diluted</b>	\$0.42	\$0.19	\$0.23	\$0.07	+\$0.35
<b>Non-GAAP EPS, diluted</b>	\$0.21	\$0.20	\$0.01	\$0.07	+\$0.14

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 FY2010 Trended Financials



## Q210 Revenue Highlights

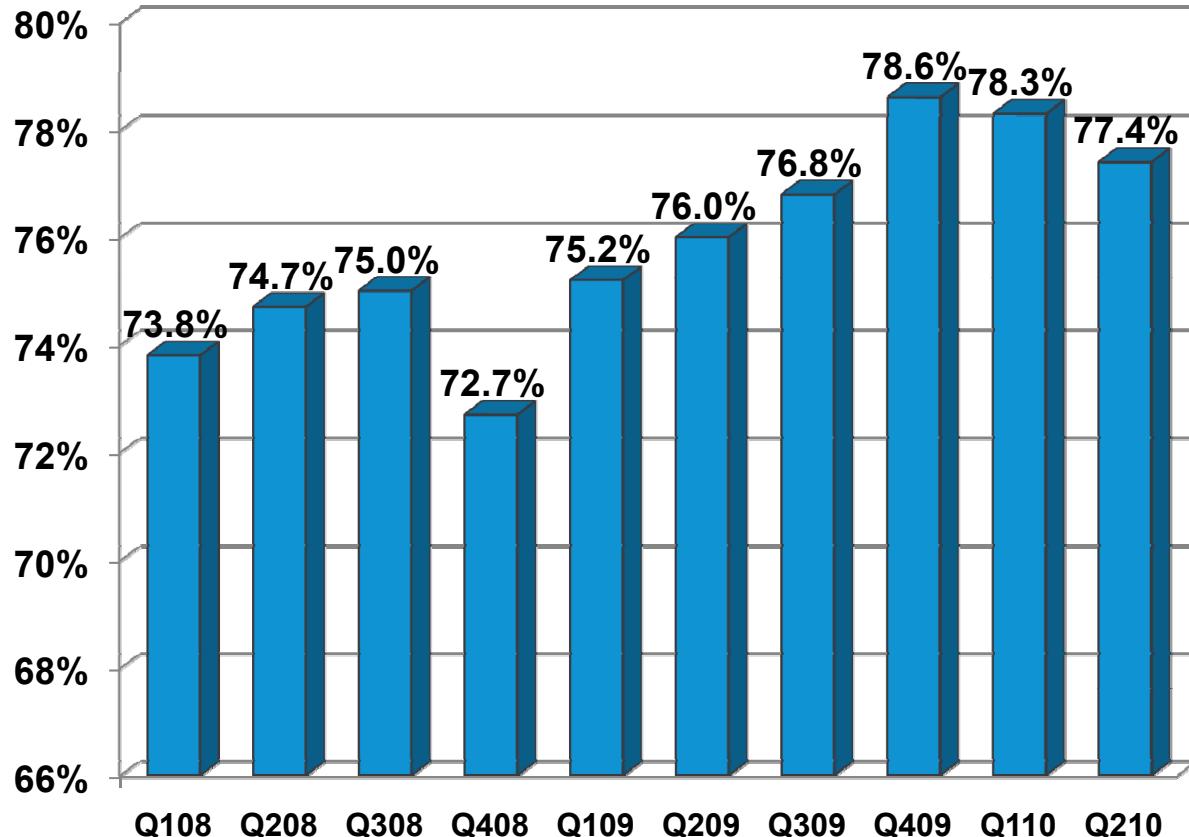
- Non-GAAP revenues grew 4.2 % Q/Q, 23.0% Y/Y
- Excludes the release of \$14.3M of previously deferred revenues for Invisalign Teen replacement aligners.
- Q/Q increase reflects higher Invisalign case volumes, offset somewhat by lower ASPs.

\* Non-GAAP

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

# Gross Margin Trend

Non-GAAP %



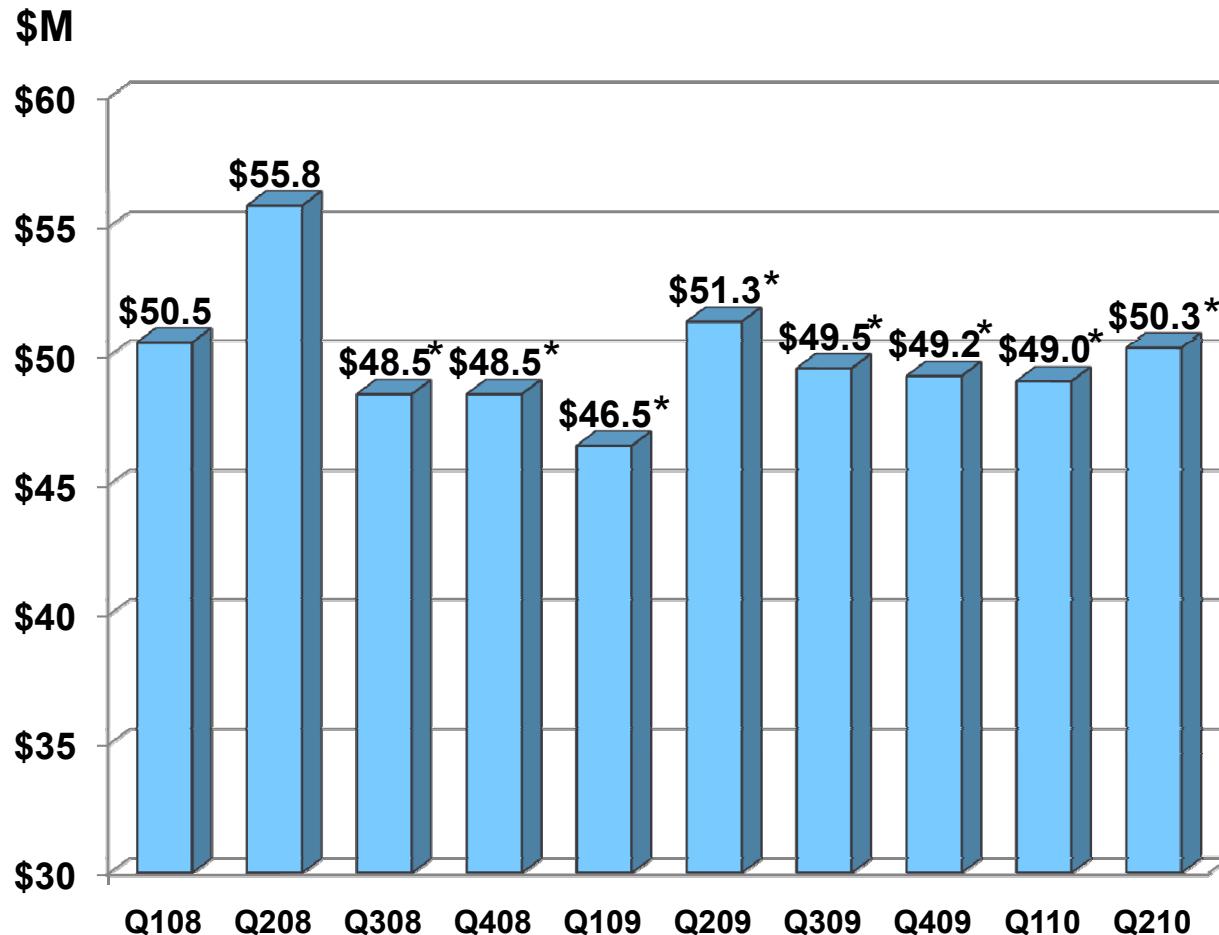
## Q210 Gross Margin\* Highlights

- Non-GAAP gross margin of 77.4%
  - - 0.9% pts Q/Q
  - + 1.4% pts Y/Y
- Sequential decrease in non-GAAP gross margin primarily reflects the benefit from higher case volumes offset primarily by the impact from foreign exchange rates and higher levels of volume discounts.
- Includes stock based compensation expense of \$401k

\* Non-GAAP

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

# Operating Expense Trend



## Q210 OpEx\* Highlights

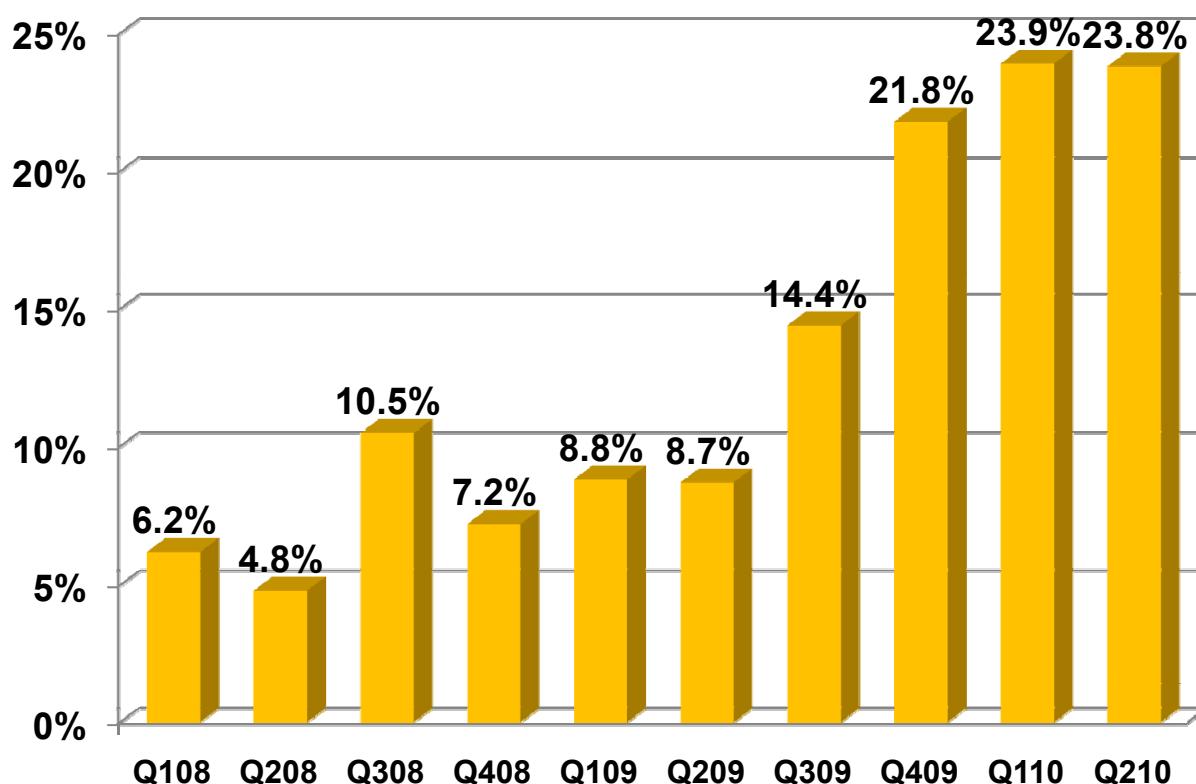
- Non-GAAP operating expenses were \$50.3M
  - + 2.7% pts Q/Q
  - - 1.9% pts Y/Y
- Excludes a \$8.7M credit from an insurance settlement related to the OrthoClear litigation
- Includes stock-based compensation expense of \$3.8M

\* Non-GAAP

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

# Operating Margin Trend

Non-GAAP %



## Q210 Op Margin\* Highlights

- Non-GAAP Operating Margin 23.8%
  - - 0.1% pts. Q/Q
  - + 15.1% pts. Y/Y
- Strong operating margins this quarter reflect leverage in our financial model from continued overachievement in volumes as well as lower than expected spending.

\* Non-GAAP

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

# Balance Sheet Highlights

	Q210	Q110	Q209
Cash, Cash Equivalents, & Short Term Marketable Securities	\$244.8M	\$205.4M	\$143.1M
Cash Flow from Operations	\$42.6M	\$18.7M	\$18.5M
DSOs	60 days	59 days	63 days
Deferred Revenue Balance	\$27.0M*	\$37.0M	\$23.1M

\* In Q2 10, Align released \$14.3M of previously deferred revenue for Invisalign Teen replacement aligners. Invisalign Teen, launched July 29, 2008, includes up to six replacement aligners, which may be ordered at any time throughout treatment. Revenue for these replacement aligners was deferred based on 100% of the fair value of the aligners, or approximately \$350 per case, until the case completed, or the replacement aligners were used. Over the past two years, the Company has evaluated the usage experience of the Invisalign Teen replacement aligners and now believes that it has sufficient historical experience to support an estimated usage rate of approximately \$20 per case.

# Financial Outlook

# Factors Contributing to Q3 10 Outlook

- The summer timeframe is typically the busiest time for Ortho practices that have a high percentage of teenage patients. Last year we saw nice sequential growth from Q2 to Q3 and expect that we will continue to gain share of this very important segment this summer.
- We believe the expected growth in teenage case starts will be offset somewhat by slower traffic in GP's and European doctor's offices.
- Also, because of the summer vacation schedules, we typically hold fewer training classes during the summer months and therefore expect to have less training revenue in Q3 as compared to Q2.
- Approximately 90% of our International business is done in Europe where we are exposed to the Euro. Therefore major changes quarter-to-quarter in foreign exchange rates can impact top-line revenues and gross margin, as we saw in Q2.

# Q3 Fiscal 2010 Outlook

	<b>Q3 10 Outlook</b>	<b>2010 Outlook</b>
Revenue	\$92.0 M – \$95.0 M	
Case Shipments	66 K – 68 K	
Gross Margin	77.3 % – 77.8 %	
Operating Expenses	\$52.5 M – \$53.5 M	
Operating Margin	20.2 % – 21.4 %	
EPS, diluted	\$0.16 – \$0.18	
Effective tax rate	28 % - 30 %	
Stock based compensation	\$4.6 M	\$17.0 M
Diluted shares outstanding	78 M	78 M
Cash	\$255 M - \$260 M	

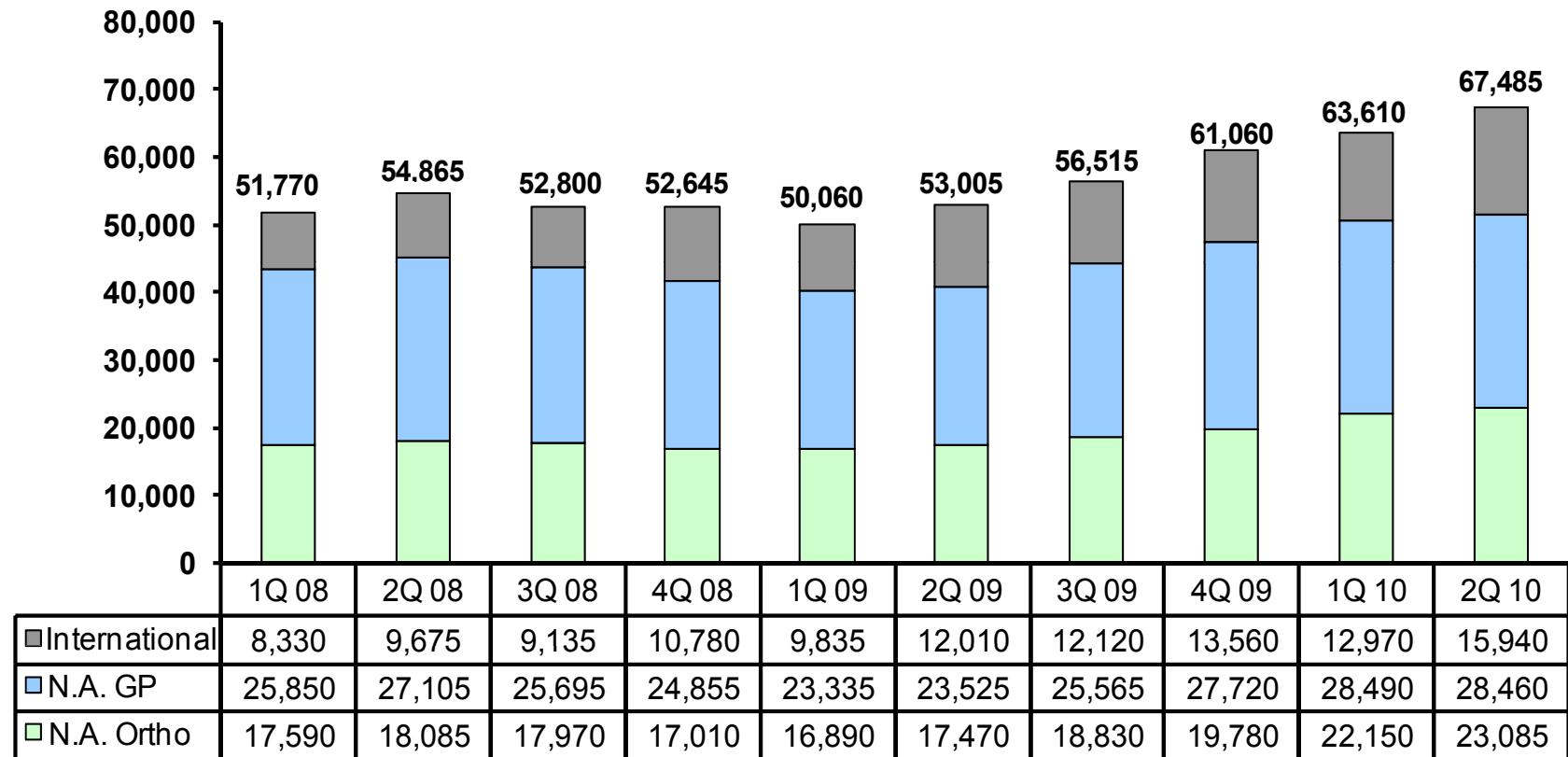
Contact Align Technology Investors Relations at:

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

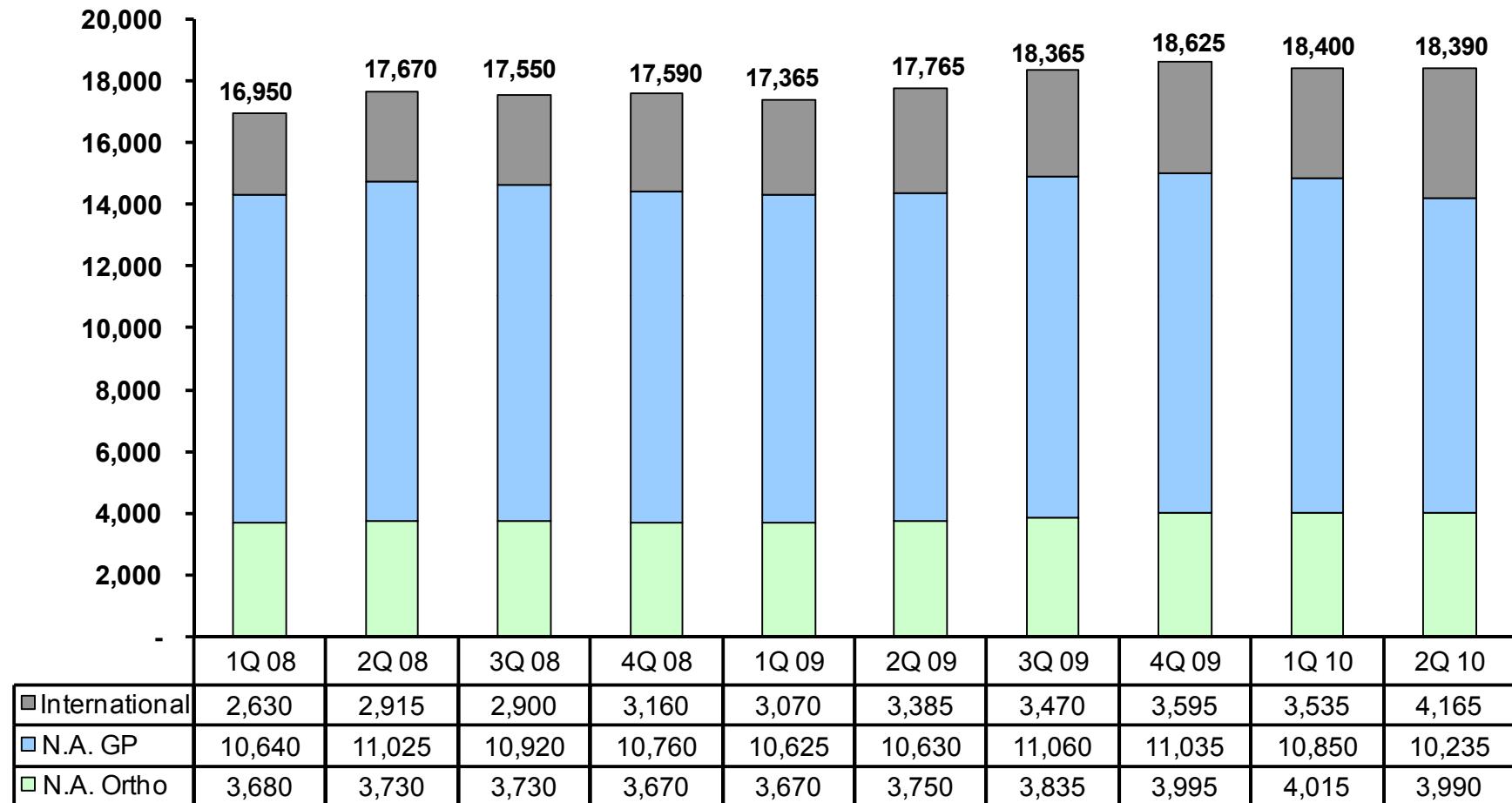
# Additional Data

Historical Information as of 6/30/10

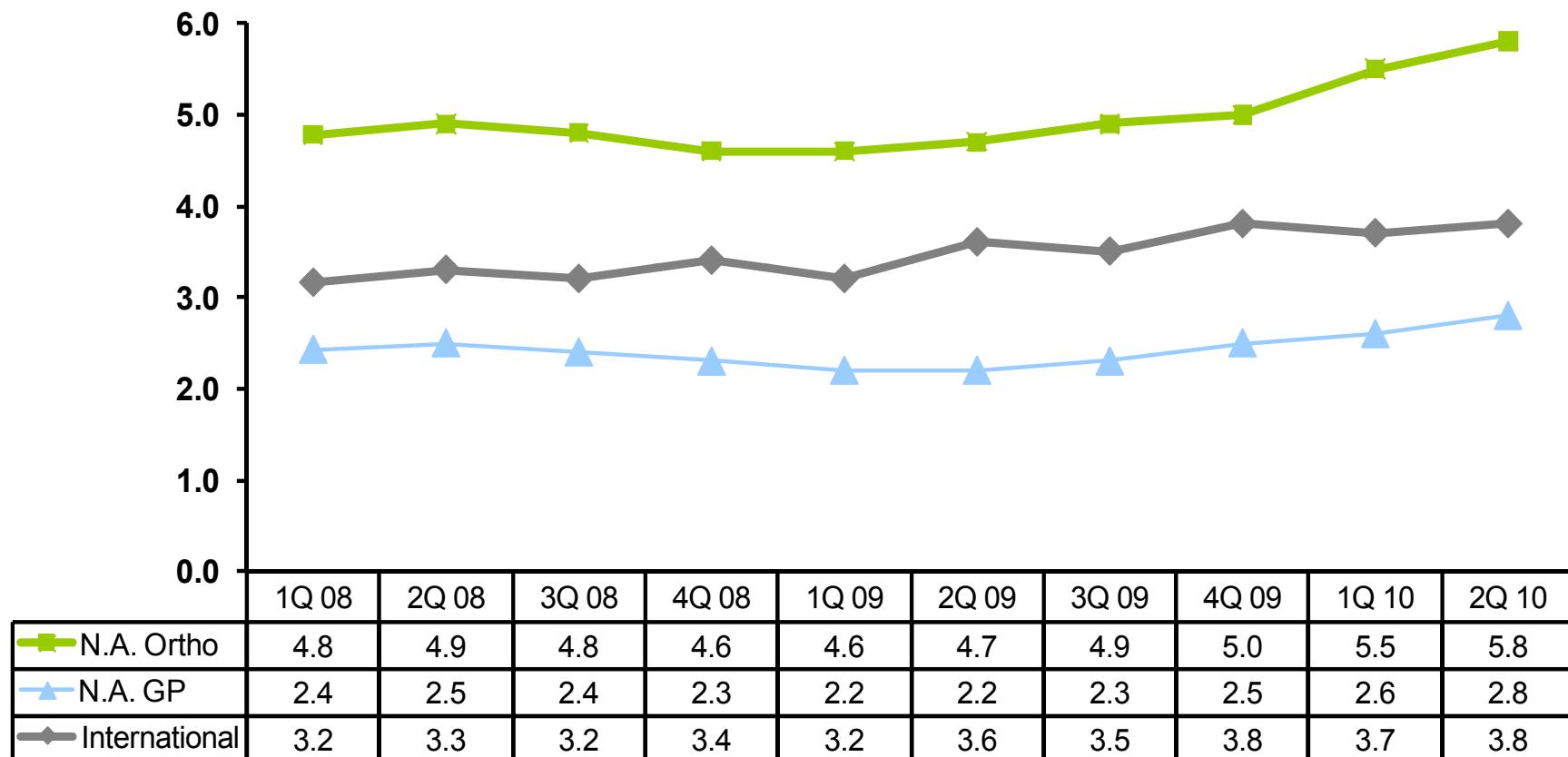
# Cases Shipped By Channel



# Total # of Doctors Cases Were Shipped To

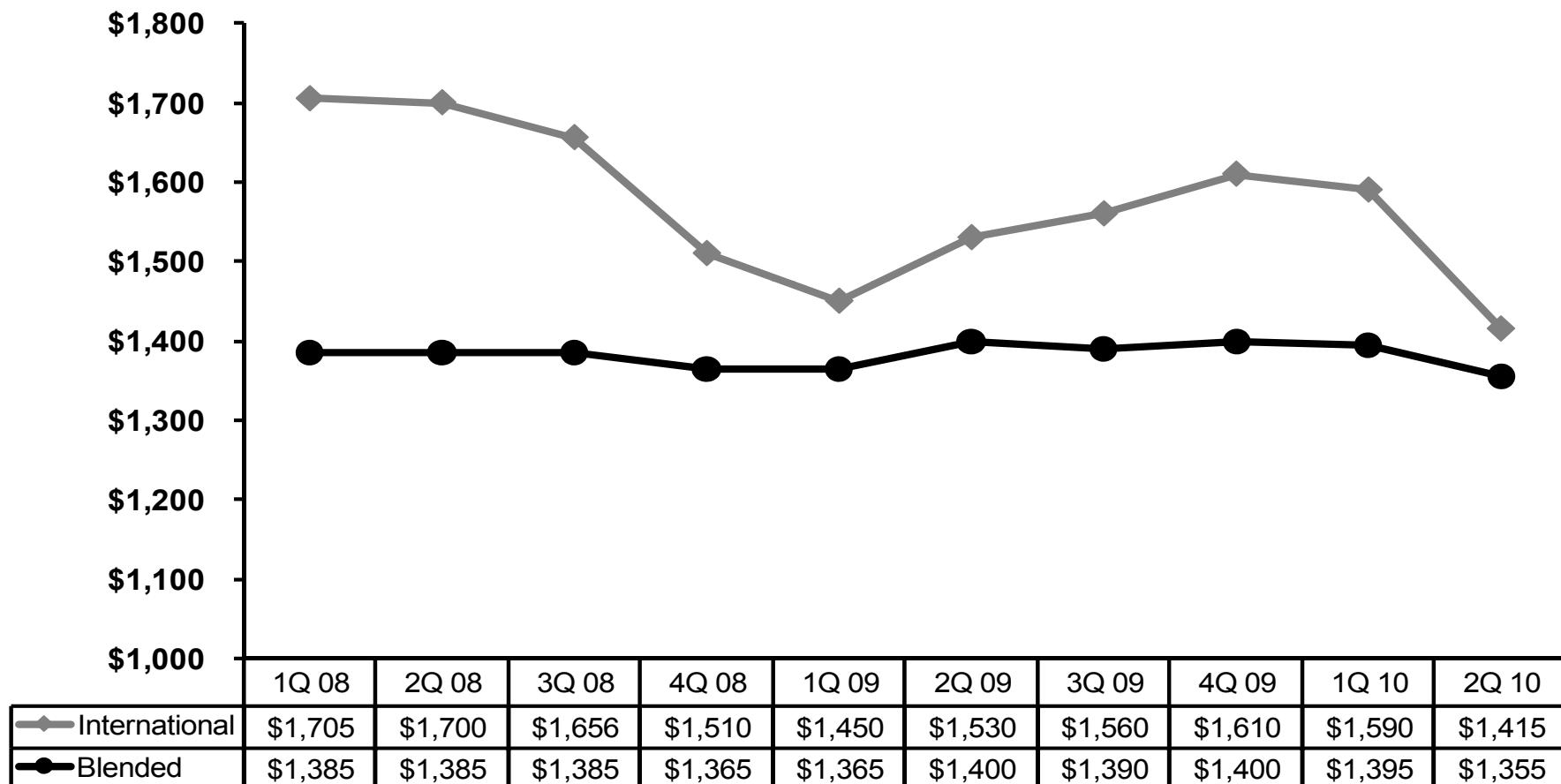


# Utilization Rate\*



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

# Average Selling Price (ASP), as billed



\* Beginning in Q1 2008, ASPs reflect gross revenue prior to impact from new products deferrals  
Beginning in Q1 2009, blended ASPs do not include Align's retainer business