Financial Results

Q3 2018

Align Technology, Inc.

Align Technology, Inc. – Q3 2018 financial results

Conference Call

- Speakers:
  - Joe Hogan, President and CEO
  - John Morici, CFO
  - Shirley Stacy, VP, Corporate Communications & Investor Relations
- Replay and Webcast Archive:
  - Telephone replay will be available through 5:30pm ET November 7, 2018
  - Domestic callers: 877-660-6853
  - International callers: 201-612-7415
  - Conference # 13683414
  - 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, including the tables below, contains forward-looking statements, including statements regarding certain business metrics for the fourth quarter of 2018, including, but not limited to, anticipated net revenues, gross margin, operating expenses, operating profit, diluted earnings per share, tax rate including the financial impact of recent U.S. Tax Cuts and Jobs Act 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, risks relating to international sales, which are increasingly a larger portion of our total revenues, 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, the security of customer and/or patient data is compromised for any reason, 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, changes to our interpretation of the U.S. Tax Cuts and Jobs Act which may change as we receive additional clarification and implementation guidance, possibly materially, foreign operational, political and other risks relating to Align's international manufacturing operations, litigation risks, uncertainties involved in any contract dispute resolution and the possibility of Align choosing to settle the litigation for business or other reasons. 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, 2017, which was filed with the Securities and Exchange Commission (SEC) on February 28, 2018. Align undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

Q3 2018 financial highlights

- Third quarter results with revenue and earnings above our outlook driven by higher than expected Invisalign volume -- offset somewhat by lower ASPs and foreign exchange.
- We also had another record quarter for the iTero scanner business.
- Q3 Invisalign volume increased 5.5% Q/Q and up 35.3% Y/Y reflecting strength across regions and customer channels, as well as strong growth from both teen and adult patients.
- From a product perspective, we saw strength across the Invisalign portfolio with growth from both comprehensive and non-comprehensive products, reflecting an acceleration in the non-comprehensive category related to expansion of our product portfolio, as well as new sales programs and promotions intended to increase adoption and utilization.
- We also saw continued strength from international regions, especially Asia Pacific which was our 2nd largest region after the Americas in Q3.
- Finally, during Q3, we trained another record 4,930 new doctors, driven by APAC and Latin America, including Invisalign GO doctors which represents continued expansion of our customer base, especially GP Dentists. And Invisalign Utilization increased overall to 6.1 cases per doctor, including another record for NA Orthodontists.
- Overall, while pleased with strong volume growth that we achieved this quarter, there were a couple of unexpected factors that impacted our results.
- In Q3 Invisalign ASPs were down sequentially due to a combination of promotional programs, unfavorable foreign exchange, and product mix shift, partially offset by price increases across all regions.

	Q3'18	*QoQ*	*YoY*
Total Net Revenues	**$505.3M**	*3.1%*	*31.2%*
- Clear Aligner*	**$427.1M**	*(1.4)%*	*25.0%*
- Scanner & Services	**$78.2M**	*37.2%*	*79.1%*
Invisalign Case Shipments	**319.3K**	*5.5%*	*35.3%*
EPS, diluted	**$1.24**	*$(0.06)*	*$0.23*

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

Q3 2018 financial highlights
Americas

- Americas Invisalign case volume +5.1% Q/Q and +29.1% Y/Y reflecting better than expected volume in both our Orthodontist and GP Dentist channels, driven by strong teenage case volume from orthodontists and adult patient growth across both customer channels.
- Americas region Y/Y growth was led by Ortho customers.
  - Another record quarter for North American Ortho utilization, 17.4 cases per doctor.
  - North American GP dentists utilization also up Y/Y to 3.5 cases per doctor reflecting continued expansion of the GP customer base.
  - We also saw strong volume growth from the Dental Service Organizations (DSOs) channel which increased over 40% Y/Y in Q3.
- Over 2,000 new Invisalign doctors in the Americas region, of which 560 were in Latin America alone, primarily Brazil. As the world's second largest market for cosmetic interventions, Brazil is estimated to have more than one million new orthodontic case starts each year.
- In September we hosted a grand opening event at our new office in Sao Paolo Brazil with local doctors to thank them for their ongoing support in helping to build the clear aligner market in Brazil through Invisalign practices.
- We also hosted the grand opening of our newest facilities in Costa Rica, located at San Antonio Business Center, with plans to open another multimillion dollar facility located in La Lima later this year. The new facilities will eventually house all of our Costa Rica employees and provide space to accommodate our long-term growth.

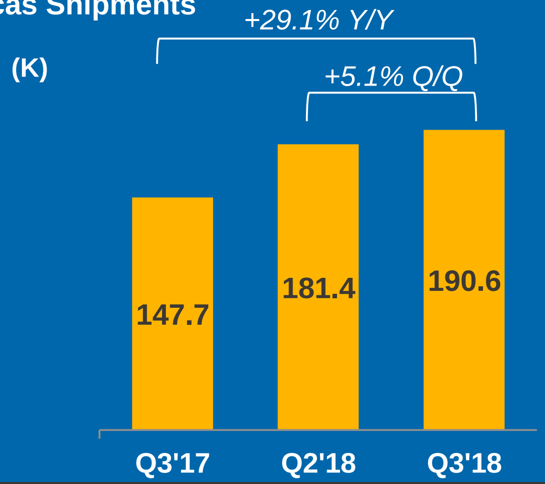
Americas Invisalign Metrics

North Americas Utilization*

	Q3'17	Q2'18	Q3'18
NA Ortho	13.8	16.4	17.4
NA GP	3.1	3.6	3.5

*number of cases shipped/number of doctors to whom cases were shipped

Americas Shipments



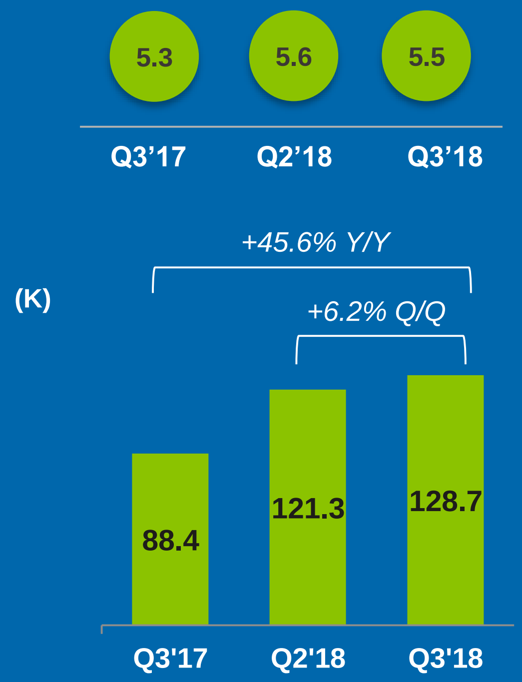
Invisalign shipments do not include SmileDirectClub aligners.
Effective Q1'18, Americas region includes North America and LATAM. We have recasted historical data to reflect the change.

Q3 2018 financial highlights

International

- International Invisalign case volume:
  - +6.2% Q/Q reflecting a very strong quarter for APAC offset by EMEA seasonality, especially in southern European markets which typically have extended summer holidays, and
  - +45.6% Y/Y reflecting increased utilization and continued to expansion of our customer base.
- APAC case volume +56.4% Y/Y.
  - with record shipments for all country markets except Korea.
  - Q3 results reflect record utilization for APAC driven by strong growth from teenage patients, as well as growth in the GP dentists channel +83.2% Y/Y.
- During Q3, we trained 1,730 new doctors in APAC, of which 310 were iGo doctors. We also held several clinical education events across APAC designed to help increase doctor's confidence in and adoption of Invisalign treatment – including how critical the iTero scanner is to practice growth:
  - In China, we hosted the China Orthodontic Society (COS) annual meeting with over 1,000 doctors.
  - In Japan we held an Invisalign Forum with clinical speakers focused on teen treatment including Invisalign First cases, adding iTero to their practice, and Invisalign G6 innovation.
  - In Australia and New Zealand (ANZ) – we launched Invisalign First clinical education events and practice marketing activity and received positive feedback with great uptake of Invisalign First cases.
- In EMEA, Q3 case volume was down sequentially due to expected seasonality and +36.2% Y/Y reflecting strong growth including the teen segment which was +60% Y/Y.
  - Y/Y, we saw strength across our core markets, led by France, Iberia, and the UK -- as well as our key expansion markets, led by Central & Eastern Europe.
  - We're also continuing to help expand the market for clear aligner treatment with approximately 1,100 newly-trained doctors in EMEA, which include 485 iGo trained GP dentists.
- In Q3, we hosted a number of doctor-centered peer to peer events including our first GP Growth Forum in Copenhagen. We also hosted the grand opening of our new treatment planning facility in Madrid, Spain, which serves the Iberia market. Our Madrid facility aims to increase our commitment to Invisalign trained doctors in Spain and Portugal, and will play a key role in our strategy to be closer to our customers and support them in digital treatment planning.
- In October, we hosted our first MEA Forum in Dubai highlighting the growth of the MEA orthodontic market, as well as showcasing our latest advances in digital dentistry that provides practice growth opportunities for dentists.

International Invisalign Utilization* & Shipments



*number of cases shipped/number of doctors to whom cases were shipped

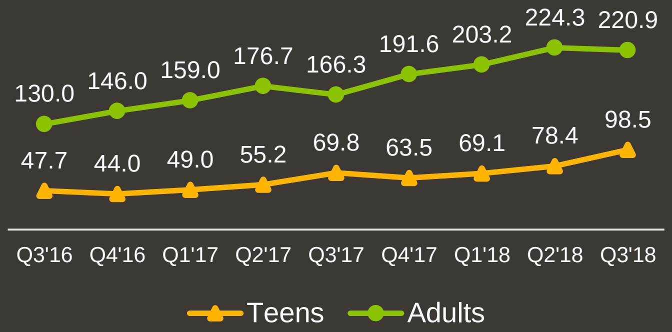
Invisalign shipments do not include SmileDirectClub aligners.
Effective Q1'18, International region includes EMEA and APAC. We have recasted historical data to reflect the change.

Q3 2018 financial highlights

Teens and adults

- 6.1M patients to date, with over 1.4M teens.
- 98,495+ teenagers started treatment with Invisalign clear aligners, +25.6% Q/Q and +41.1% Y/Y.
  - Driven by continued strong adoption across all major regions - led by North American orthodontists.
- Q3 was the 8th consecutive quarter that Invisalign teenage patient volumes grew faster than adults on a year-over-year basis reflecting the continued shift toward younger teens and tweens.
- North American Orthos teen volume +32.8% Y/Y and International teen was +60.9% Y/Y.

Worldwide Invisalign Case Shipments Teen versus Adult Mix

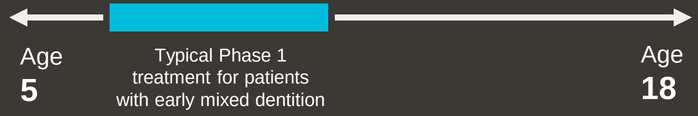


Invisalign shipments do not include SmileDirectClub aligners.

Invisalign First clear aligners

- In Q3 we launched an expanded Invisalign Portfolio including Invisalign First for Phase 1 treatment of young patients age 6 and up.
- On July 1 we began offering Invisalign First to doctors in North America, EMEA, ANZ, and Japan and we shipped almost 2,000 cases to over 600 doctors during Q3.
- Half of the cases were in North America and nearly 60% of the Invisalign First patients 8 or 9 years old.
- The Phase One segment of the market is really important for us because it's a large piece of the overall orthodontic cases, but it will also helps us gain share the teenage segment.

invisalign® first



Commercially available to Invisalign-trained doctors in the United States, Canada, Australia, New Zealand, Japan, and the EMEA region as of July 1, 2018.

Invisalign Experience Program

- The Invisalign Experience Program is a comprehensive way of describing all of Align’s activities to engage consumers or potential patients through brand experiences in consumer-friendly settings and environments, including busy mall and lifestyle centers.
- We started out calling these locations “stores,” but have realized that is confusing and concerning to some of our doctor customers. We are not selling Invisalign treatment to consumers in these locations.
- Doctors have always been essential to Invisalign treatment, and a doctor’s prescription based on an in-person examination remains the only way that Invisalign treatment can be delivered to a patient, even if a consumer learns about the Invisalign brand in new or different ways.

Invisalign Experience Locations
Interactive brand experience

- In late 2017 we launched the Invisalign store pilot program to create and test interactive Invisalign brand experiences in high traffic retail locations.
- Our goal was to educate and engage consumers who might be interested in treatment, but aren't showing up as typical consults in your offices, and get them connected with an Invisalign doctor of their choice.
- Based on what we've learned in the last year and across the first four locations in this program, we are expanding this program and will open eight additional Invisalign Experience locations in the fourth quarter.
- It's a new way of creating awareness for a brand – capturing someone's attention when they're not even thinking about straightening their teeth – and it benefits all Invisalign practices in a market.

Invisalign Experience location, Woodlands Mall, The Woodlands, TX

Key performance metrics suggest that the addition of an Invisalign Experience location can have a significant positive impact or "halo effect" on overall Invisalign patient growth in the surrounding area, even among doctors that are not directly participating in the Invisalign Experience program network.

New York “Project Apple”

- In Q4, under the Invisalign Experience umbrella, we are launching a major test of the program in New York City with a significant investment in media to reinforce the importance of doctor-led Invisalign treatment and a premium consumer experience to drive qualified consumers to partner doctor practices.
  1) On November 5, we will launch a targeted media campaign in New York to take advantage of growing interest in the clear aligner category to capture and direct consumers to Invisalign branded locations and pilot practices. This test includes an Invisalign branded kiosk at the Oculus Center on November 17 as part of the Holiday Market;
  2) Piloting Invisalign Experience branded doctor practices designed to attract prospective patients, connect them with the Invisalign brand and an Invisalign practice for treatment; and
  3) Empower doctors with new tools, services and support to elevate the patient experience, amplify the message and GROW their practice.

- We’re very excited about this program, along with several other media campaigns kicking off in Q4 that put doctors at the center of everything we do.

invisalign

Putting **doctors** at the center of everything we do.

Directing **consumers** to Invisalign branded locations and pilot practices.

Invisalign Experience Branded Practice Pilots

- We've learned a lot from these locations and the doctors who have worked with us in the networks to date. We're applying what we learn and are constantly working to make the Invisalign Experience program better for consumers and better for the practices who opt-in to receive those leads.
- One of the things we've learned from this and other initiatives is that a lot of Invisalign doctors want to do more in their own markets to connect with new consumers.
- They want to create an Invisalign Experience in practice to connect with potential patients in new ways, and want to leverage the total Invisalign-iTero digital experience to make starting treatment easier and more convenient for them.
- We want to help them do just that, so under the Invisalign Experience Program umbrella we're working with a few doctors in select U.S. markets to explore what an Invisalign Experience looks like in wholly doctor-owned, consumer-focused environment.
- We're calling this pilot an Invisalign Experience branded practice and are working with participating doctors to apply some of the lessons and design elements from Invisalign Experience locations to their practices. Some of these pilots will be in markets where we have Invisalign Experience locations, but most will not.
- Doctor-owned Invisalign Experience practices don't compete with Align – we're all working together to reach consumers in new ways.
- We'll share more progress with you, and details on the different ways we're partnering with doctors under the Invisalign Experience umbrella, in the coming quarter.

Helping Invisalign doctors:

- create an Invisalign Experience in practice to connect with potential patients in new ways
- leverage the total Invisalign-iTero digital experience to make starting treatment easier and more convenient for them

In wholly doctor-owned, consumer-focused environments.

Smile Concierge Program

- Our Smile Concierge program that we launched at the beginning of 2017 is continuing to help more consumers start Invisalign treatment by shortening their research cycle and connecting them with an active Invisalign doctor.
- Year to date we've scheduled over 74,000 Invisalign consultations in the U.S., which equates to connecting hundreds of consumers to Invisalign doctors every day and providing leads they might not otherwise have had.
- The Smile Concierge service has also expanded outside of the U.S. with teams in Singapore, Brazil, Australia, and the UK.

Smile Concierge team in North Carolina

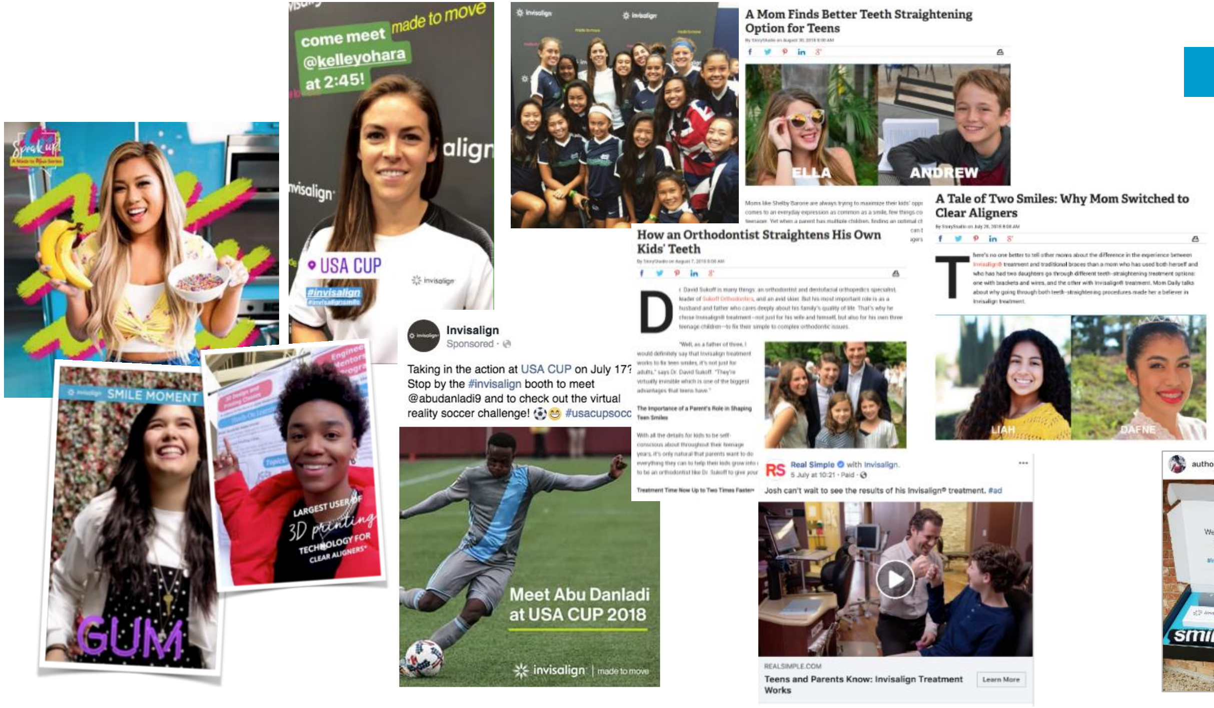
Goal is to reach more consumers one-on-one, and ensure that anyone that contacts us directly has the best experience with the Invisalign brand – beginning to end.

Q3 consumer marketing
North America

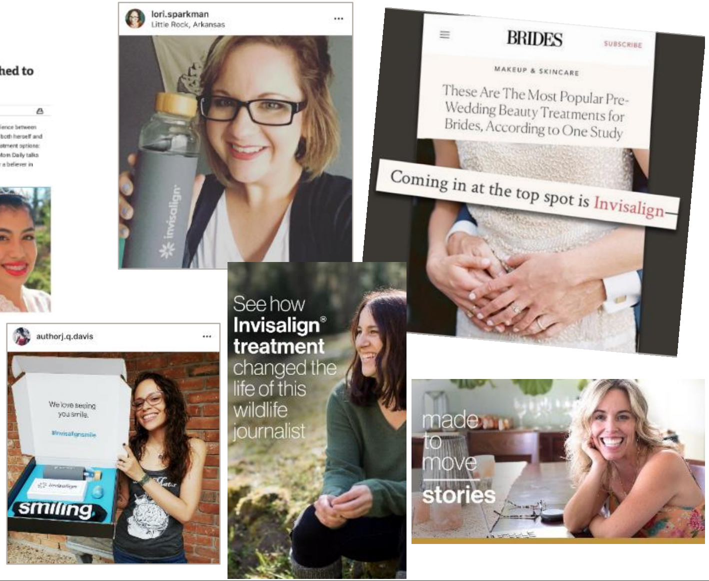
2.9M
Website Visitors

255K
Doc Locator Searches

Connecting with teens though their passions and Moms



Reaching adults through testimonials & brand awareness



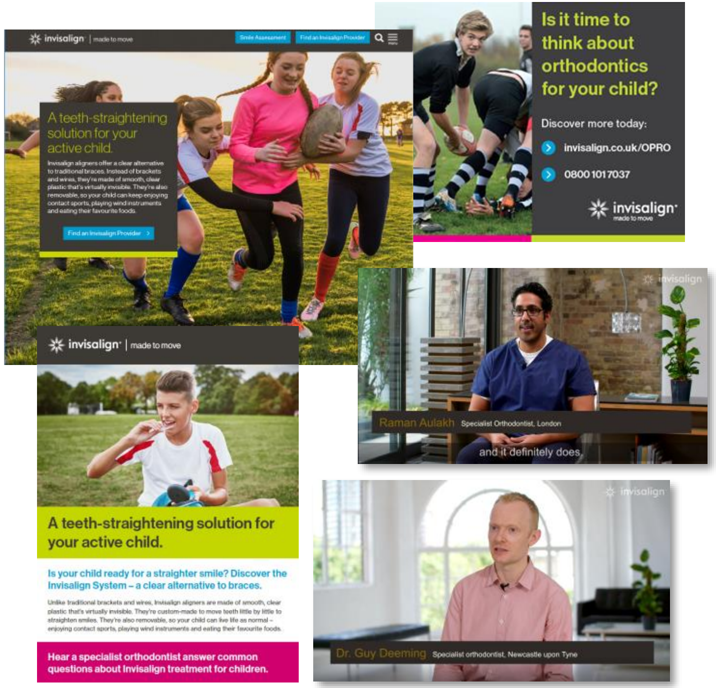
Q3 consumer marketing

EMEA

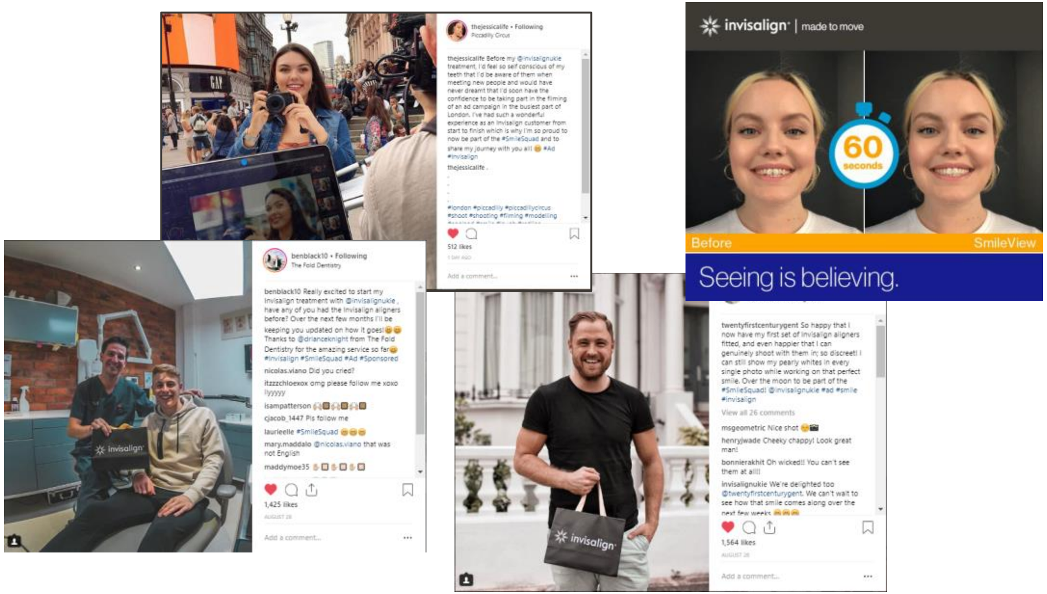
890K
Website Visitors

172K
Doc Locator Searches

Parent of Teen Campaign UK & FR



Visualization Pilot & Influencer Program UK



Q3 consumer marketing

APAC

1.3M
Website Visitors

150K
Doc Locator Searches

Taiwan Asia Campaign

Korea Asia Campaign

New Asia Campaign

Q3 2018 financial highlights

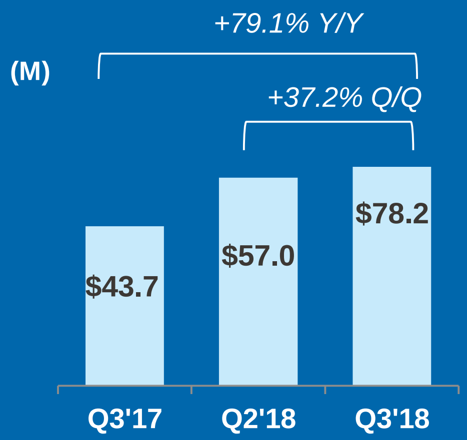
Scanner and services

- iTero scanner revenues were +37.2% Q/Q and +79.1% Y/Y.
- Record Q3 results reflect commercialization of the iTero Element 2 and Element Flex scanners, especially for restorative GP dentists in North America, continued rollout with DSO partners and increased sales internationally including China where have also begun to manufacture the iTero Element.
- Use of the iTero scanners for Invisalign case submission in place of PVS impressions continues to grow and remains a positive catalyst for Invisalign utilization.
- Invisalign cases submitted with a digital scanner*:

	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Americas	63.1%	65.3%	67.3%	69.3%	68.8%
International	35.1%	41.4%	43.2%	47.3%	51.6%

- We are very excited about the continued progress we have made with the iTero business and remain confident that it will continue to help drive our overall growth and help increase adoption of Invisalign treatment.

Scanner and Services Revenues

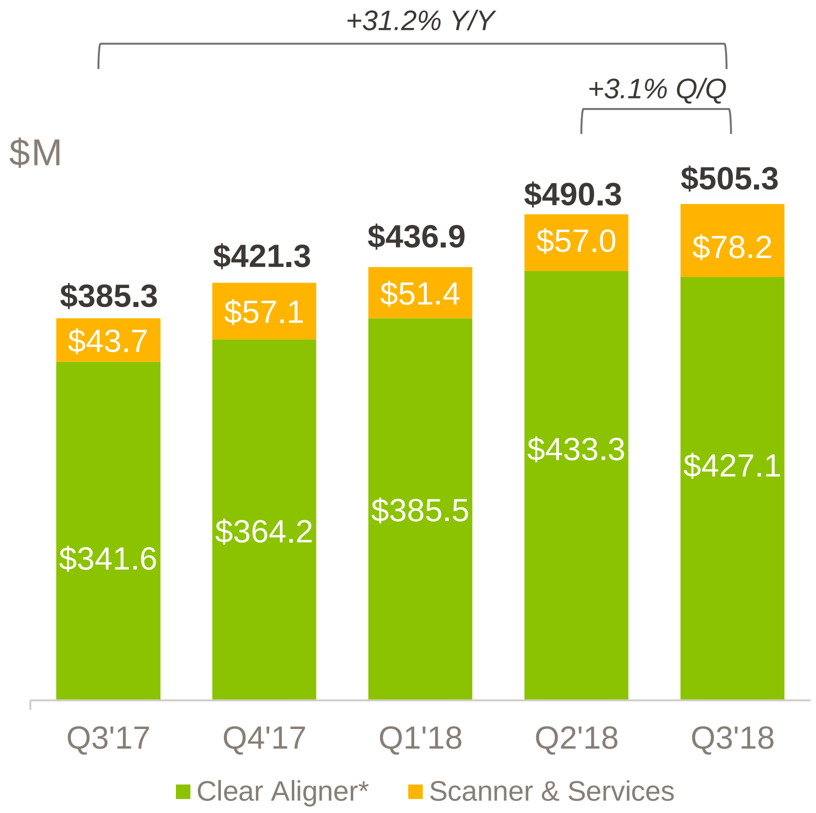


Invisalign scans include but not limited to additional aligner order scans and does not reflect total Invisalign case shipments. Figures updated as of September, 2018. Data on file at Align Technology. iTero Element 2 and iTero Element Flex scanners are available in Canada, the U.S., the majority of European countries, including France, Germany, Italy, Spain, and the United Kingdom as well as select Asia Pacific markets. The existing iTero Element scanner will continue to be available in all markets.

Q3 2018 Financial Review

Revenues trend

Q3'18 highlights

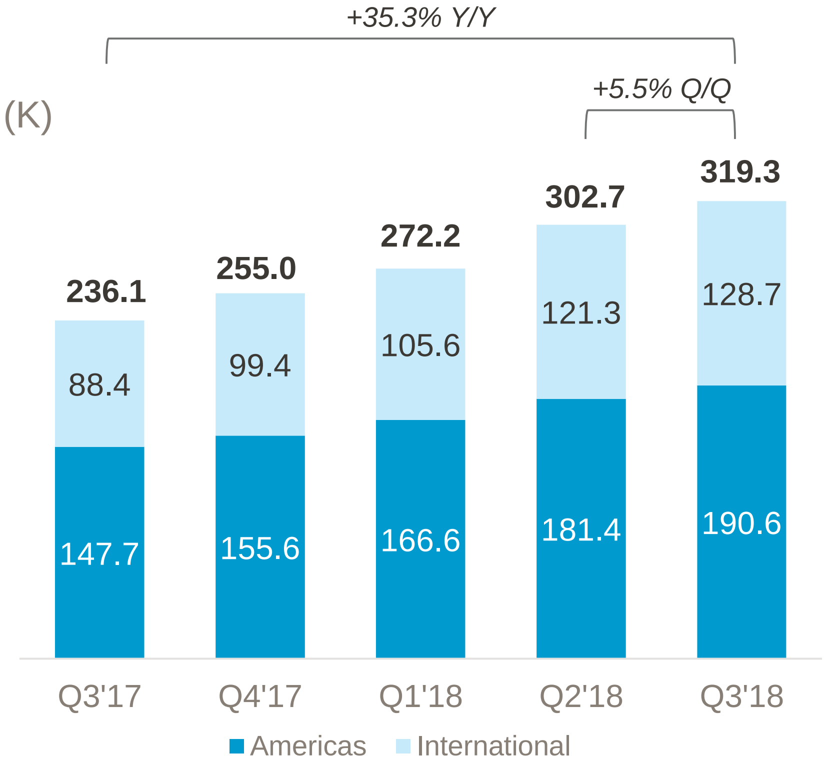


- Total revenue of $505.3M.
  - Y/Y revenue growth was favorable in all regions.
- Clear Aligner* revenues of $427.1M, (1.4)% Q/Q and +25.0% Y/Y.
  - Q/Q decrease driven by lower ASPs as a result of higher than expected discounts and unfavorable FX, partially offset by increased volume.
  - Y/Y increase reflected strong Invisalign shipment growth across all customer channels and geographies and was partially offset by lower ASPs..
- Q3 Invisalign ASPs were down Q/Q and Y/Y due to a combination of promotional programs, unfavorable foreign exchange, and product mix, partially offset by price increases across all regions.
- In Q3 we offered new product promotions designed to increase adoption of Invisalign treatment and we saw much higher than expected uptake on some of these promotions.
- In addition, at the beginning of the year, we created a more robust North America Advantage customer loyalty program which has been very favorably received by our doctors. The new Advantage Program changed to a "semi-annual" discount qualification period instead of a quarterly one, with additional tiers that provide doctors with more incentive to move up the tiers by increasing their Invisalign case volume. As a result, more doctors are moving up in tiers and achieving higher overall discounts than they were under the prior program.
- In Q3 we also saw a shift toward lower ASP non-comprehensive products, some of which is tied to promotions and some is tied to continued progress expanding our business with GPs Dentists and DSOs.
- Specifically, Q3 ASPs were down Q/Q by ~$85 and includes $24 of unfavorable foreign exchange, and down $80 Y/Y and includes $15 of unfavorable foreign exchange.
- Scanner & Services revenues of $78.2M, +37.2% Q/Q and +79.1% Y/Y.
  - Q/Q increase due to volume increases in North America DSO contracts and higher volume in APAC.
  - Y/Y increase primarily due to higher scanner units across regions.

**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners.*
Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals.

Invisalign shipments trend

Q3'18 highlights

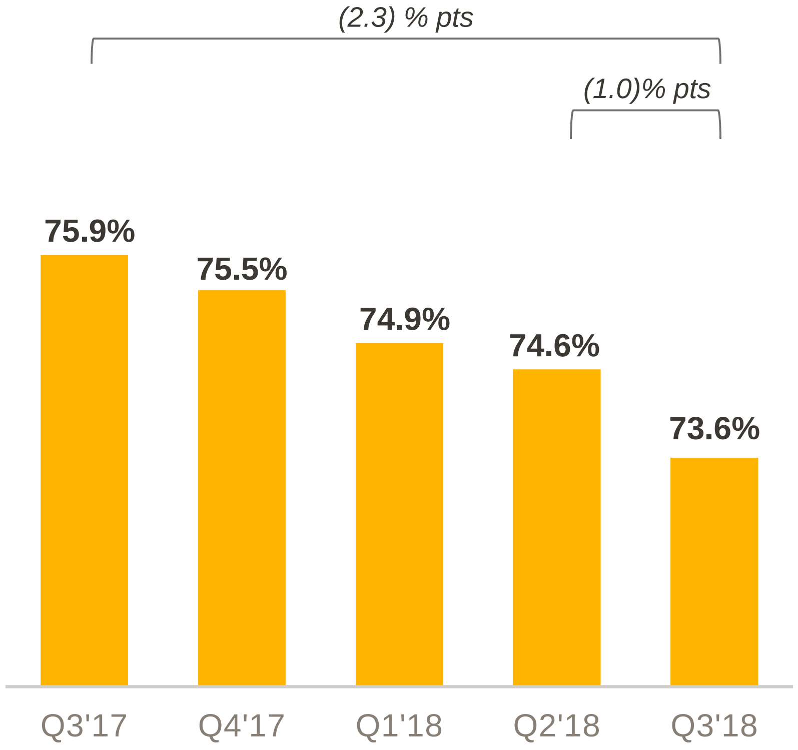


- Total Invisalign shipments 319.3K.
- +5.5% Q/Q and +35.3% Y/Y driven by growth in the Americas and APAC, offset by seasonality in EMEA.
- Invisalign Channel Highlights:
  - Americas Orthodontists, +8.6% Q/Q and +32.2% Y/Y.
  - Americas GP Dentists, (0.3)% Q/Q and +24.2% Y/Y.
  - International, +6.2% Q/Q and +45.6% Y/Y.

Invisalign shipments do not include SmileDirectClub aligners.
Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals.
Effective Q1'18, Americas region includes North America and LATAM. International region includes EMEA and APAC. We have recasted historical data to reflect the change.

Gross margin trend

Q3’18 highlights

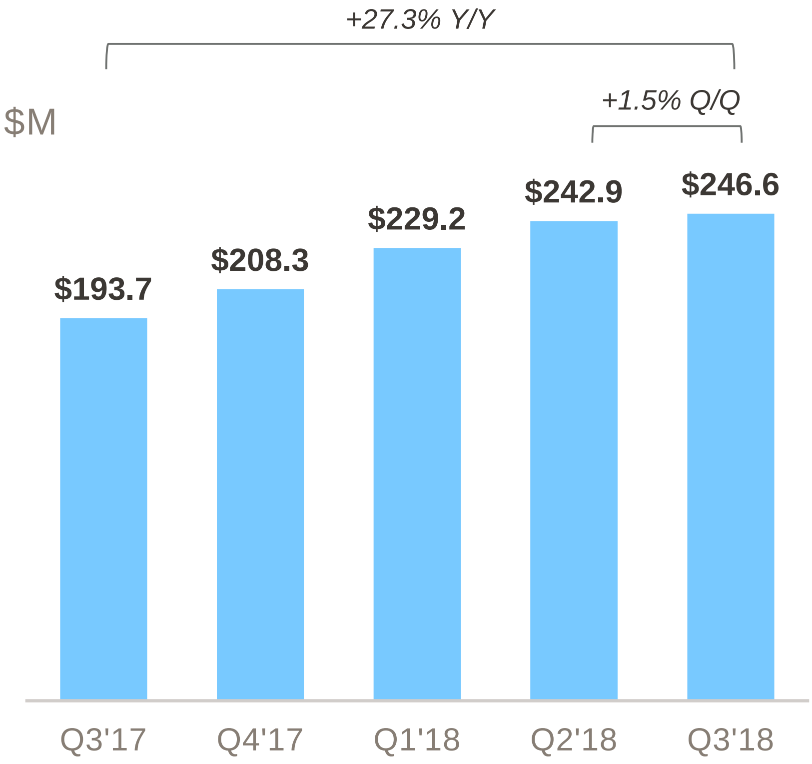


- Gross profit was $371.8M or 73.6% gross margin, (1.0) points Q/Q and (2.3) points Y/Y.
- Includes stock-based compensation expense of $1.0M.
- Clear Aligner* gross margin was 75.3%.
  - (1.2) points Q/Q primarily due to lower ASP described earlier.
  - (2.6) points Y/Y primarily due to lower ASP from and regional expansion of our manufacturing activities.
- Scanner & Services gross margin was 63.9%.
  - +4.4 points Q/Q primarily due to higher manufacturing efficiencies.
  - +3.9 points Y/Y primarily due to higher manufacturing efficiencies.

**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners.*
Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals.

Operating expense trend

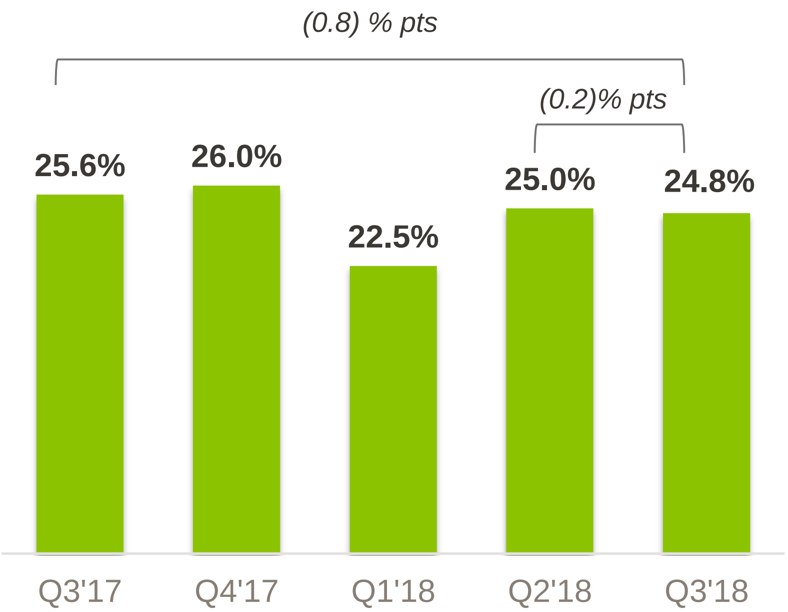
Q3’18 highlights



- Operating expenses were $246.6M, +1.5% Q/Q and +27.3% Y/Y.
    - The increase in operating expenses reflects continued investment in our R&D and go-to-market activities.
- Includes stock-based compensation expense of $18.2M.

Operating margin and EPS trend

Q3'18 highlights



	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Diluted EPS	$1.01	$0.13	$1.17	$1.30	$1.24

- Operating income $125.2M
  - +2.1% Q/Q primarily due to higher revenues.
  - +26.8% Y/Y primarily reflects leverage from operating expenses on higher revenues from both Clear Aligner and Scanner and Services.
- Operating margin 24.8%
  - (0.2)% Q/Q primarily due to lower gross margin from lower ASPs, as mentioned above, offset by increased Operating Expense leverage.
  - (0.8)% Y/Y primarily due to lower gross margin from ASPs and continued expansion of our regional manufacturing facilities offset by higher operating expense leverage.
- With regards to the third quarter tax provision, our tax rate was 19.4% which includes a $24.7 million release of unrecognized tax benefits due to a statute lapse, partially offset by a $20.2 million charge related to non-deductible officers' compensation based on recent IRS guidance
- Third quarter diluted earnings per share was $1.24, $(0.06) Q/Q and +$0.23 Y/Y.

Balance sheet highlights

- $613.2M Cash, Cash Equivalents, and Marketable Securities, including Short-Term and Long-Term Investments compared to $720.7M at the end of Q2’18, a decrease of approximately $107.5M primarily due to our stock repurchases.
  - $228.0M was held in the U.S. and $385.2M was held by our International entities.
- Q3 accounts receivable balance was $420.3M, +12.3% Q/Q.
- Days Sales Outstanding (DSO) was 75 days, up 7 days Q/Q and flat Y/Y.
- Cash flow from operations was $96.3M, down $21.8M Y/Y compared to the prior year primarily due to the timing of pending tax funds.
- Free cash flow for the third quarter, defined as cash flow from operations less capital expenditures, was $42.6M.
- Capital expenditures were $53.7M, primarily related to our continued investment in increasing aligner capacity and facilities.
- During Q3’18, we repurchased $150.0M of our stock against our stock buy-back authorizations and have $550.0M still available for repurchase under the May 2018 Repurchase Program.

($ in millions except for DSOs)	Q3’17	Q2’18	Q3’18
Accounts Receivables, net	$321.3	$374.4	$420.3
DSOs	75 days	68 days	75 days
Cash, Cash Equivalent & Short-Term and Long-Term Marketable Securities	$737.9	$720.7	$613.2
Cash Flow from Operations	$118.1	$139.8	$96.3
Capital Expenditures	$(48.1)	$(57.7)	$(53.7)
Free Cash Flow*	$70.0	$82.1	$42.6

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

During Q1, we adopted the ASC 606, "Revenues from Contracts with Customers" using the full retrospective method. While the impact to the Q3 2017 P&L was immaterial, the Condensed Consolidated Balance Sheet as of December 31, 2017 has been recasted to comply with the ASC 606 requirements. The Condensed Consolidated Balance Sheet as of September 30, 2017 was not recasted.

Q4 2018 outlook

- We expect Q4 International business volume to increase sequentially from Q3 reflecting the EMEA market seasonally stronger period following summer holidays in Q3, offset somewhat by a seasonally slower Q4 period in APAC as China comes off a very strong summer period.
- For Americas, better than expected Q3 volume was driven in part due to some promotions that have been discontinued.
- We expect Q4 Americas volume to increase slightly sequentially.
- We expect our iTero business to be flat Q/Q, coming off of a very strong Q3, as we continue to invest in growing the iTero business across all regions including China and ongoing rollout with key DSO partners in the U.S.
- We expect approximately 2.0 million equity loss related to our share of SmileDirectClub.

	Q4 2018	
Invisalign Case Shipments	330K – 335K	
Net Revenues	$505M - $515M	
Gross Margin	72.3% - 73.0%	
Operating Expenses	$248M – $253M	
Operating Margin	23.2% - 23.9%	
Effective Tax Rate	~22.5%	(1)
EPS, diluted	$1.10 - $1.15	(1,2)
Stock-Based Compensation	$19.1M	
Diluted Shares Outstanding	81.3M	(2)
Capital Expenditures	$50M - $55M	
Depreciation & Amortization	$15M-$16M	

(1) Includes excess tax benefits related to share-based compensation expense pursuant to ASU 2016-09
(2) Excludes any stock repurchases during the quarter

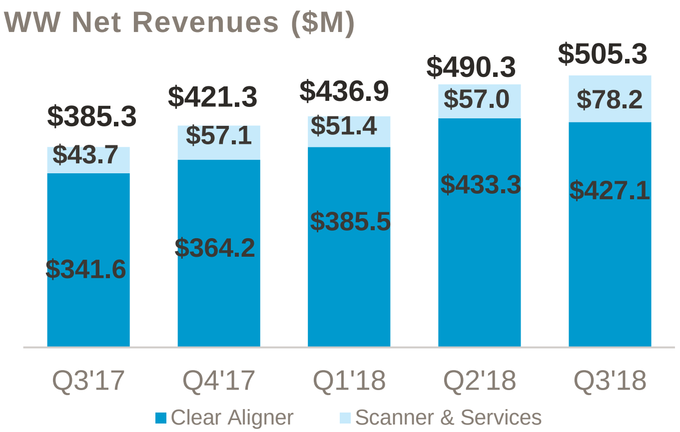
Invisalign shipments do not include SmileDirectClub aligners.

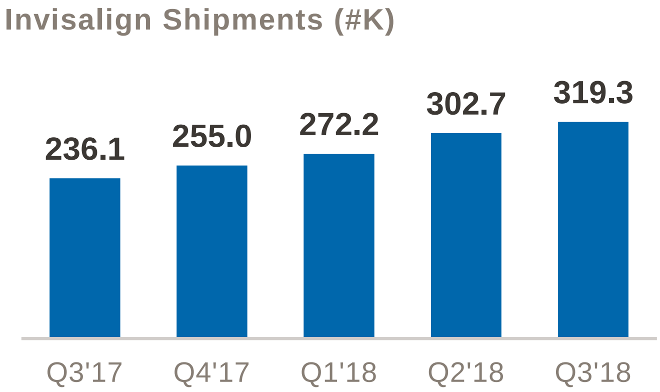
2018 full year commentary

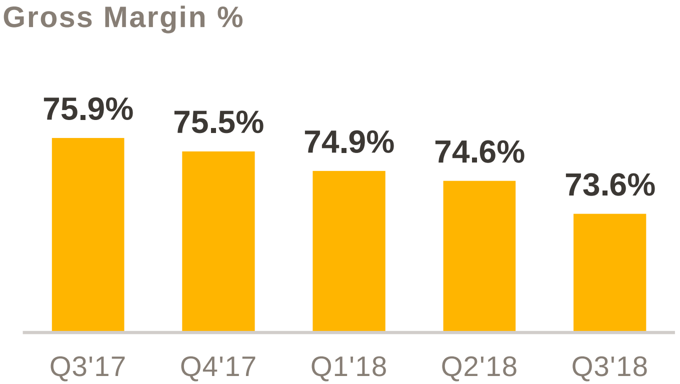
- Based on our Q4 guidance, we continue to expect 2018 total revenue growth rate to be above our long-term model and in the low 30’s.
- We expect Invisalign revenue and volume growth to also be in low 30’s.
- Taken altogether, we continue to expect operating margin for the full year 2018 to be slightly up from 2017 operating margin of 24%.

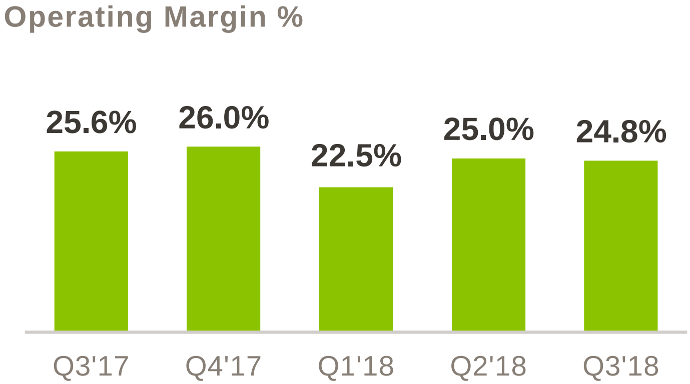
Appendix

Trended Financials









**Clear aligner revenue includes revenues from Invisalign clear aligners and SmileDirectClub aligners*
Invisalign shipments do not include SmileDirectClub aligners
Q/Q and Y/Y percentages are based on actual values. Rounding may affect totals.

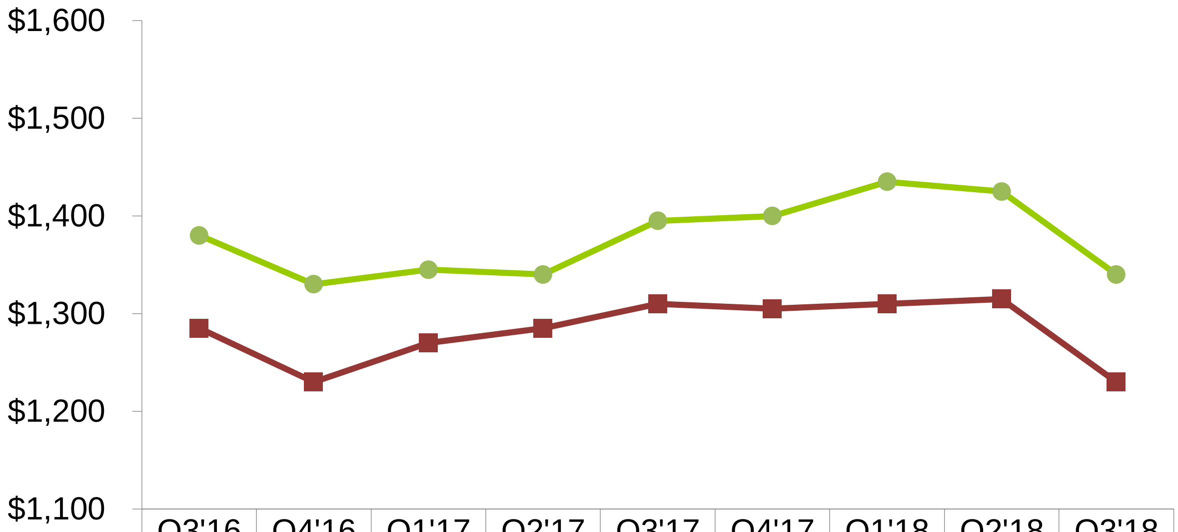
3 to 5 year financial model targets

	Q3’17 Actual	Q2’18 Actual	Q3’18 Actual	3 – 5 Year Model
Annual Revenue Growth %	38.3%	37.5%	31.2%	20% - 30%
Gross Margin	75.9%	74.6%	73.6%	73% - 78%
Operating Expense %	50.3%	49.5%	48.8%	45% - 50%
Operating Margin	25.6%	25.0%	24.8%	25% - 30%
Free Cash Flow*	18.2%	16.7%	8.4%	20% - 25%

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

Invisalign average selling price (ASP)

Worldwide and international



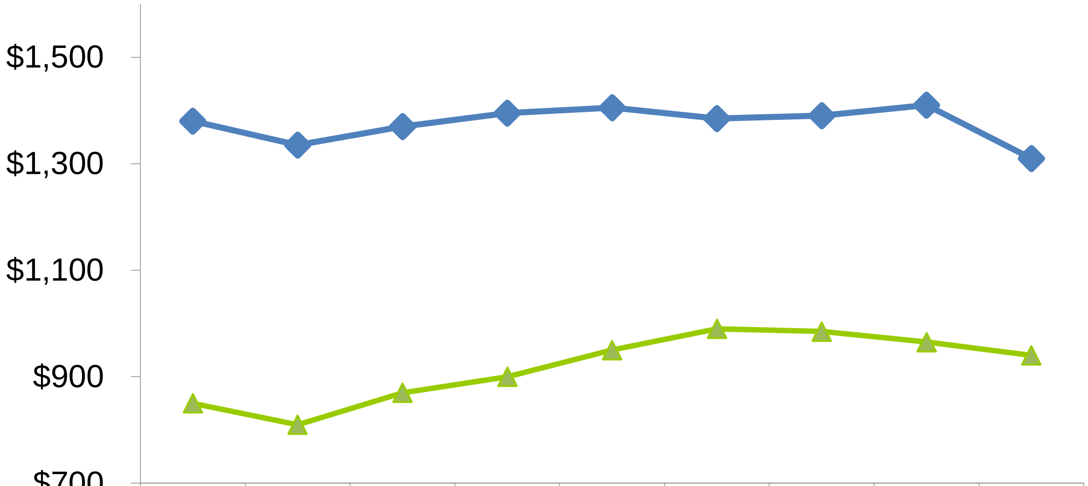
	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Worldwide	$1,285	$1,230	$1,270	$1,285	$1,310	$1,305	$1,310	$1,315	$1,230
International	$1,380	$1,330	$1,345	$1,340	$1,395	$1,400	$1,435	$1,425	$1,340

ASP: Invisalign case revenue / Invisalign case shipments

Effective Q1'18, Americas region includes North America and LATAM. International region includes EMEA and APAC. We have recasted historical International ASP data to reflect the change.

Invisalign average selling price (ASP)

Product groups



	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	*Q2'18	Q3'18
Comprehensive Products	$1,380	$1,335	$1,370	$1,395	$1,405	$1,385	$1,390	$1,410	$1,310
Non-comprehensive Products	$850	$810	$870	$900	$950	$990	$985	$965	$940

Comprehensive Products: Invisalign Full, Invisalign Teen, Invisalign Assist

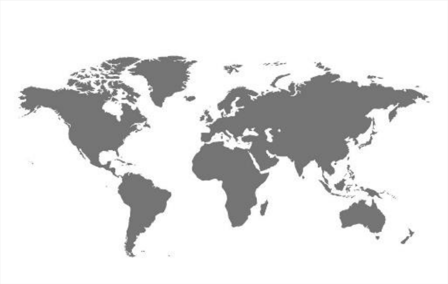
Non-Comprehensive Products: Invisalign Express 10, Invisalign Express 5, Invisalign Lite, Invisalign i7, Invisalign Go

ASP: Invisalign case revenue / Invisalign case shipments

**Q2'18 ASP adjusted to include LATAM shipments not previously reflected*

Global strategic priorities

01 **International expansion**



02 **Orthodontist utilization**

03 **GP Dentist treat & refer**

04 **Patient demand & conversion**

align

invisalign | iTero