Q3 FY2020 Financial Results

August 5, 2020

AmerisourceBergen



Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained in this presentation are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "expect," "likely," "outlook," "forecast," "would," "could," "should," "can," "project," "intend," "plan," "continue," "sustain," "synergy," "on track," "believe," "seek," "estimate," "anticipate," "may," "possible," "assume," variations of such words, and similar expressions are intended to identify such forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances and speak only as of the date hereof. These statements are not guarantees of future performance and are based on assumptions and estimates that could prove incorrect or could cause actual results to vary materially from those indicated. Among the factors that could cause actual results to differ materially from those projected, anticipated, or implied are the following: unfavorable trends in brand and generic pharmaceutical pricing, including in rate or frequency of price inflation or deflation; competition and industry consolidation of both customers and suppliers resulting in increasing pressure to reduce prices for our products and services; changes in the United States healthcare and regulatory environment, including changes that could impact prescription drug reimbursement under Medicare and Medicaid; increasing governmental regulations regarding the pharmaceutical supply channel and pharmaceutical compounding; declining reimbursement rates for pharmaceuticals; continued federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; continued prosecution or suit by federal, state and other governmental entities of alleged violations of laws and regulations regarding controlled substances, including due to failure to achieve a global resolution of the multi-district opioid litigation and other related state court litigation, and any related disputes, including shareholder derivative lawsuits; increased federal scrutiny and litigation, including qui tam litigation, for alleged violations of laws and regulations governing the marketing, sale, purchase and/or dispensing of pharmaceutical products or services, and associated reserves and costs; failure to comply with the Corporate Integrity Agreement; material adverse resolution of pending legal proceedings; the retention of key customer or supplier relationships under less favorable economics or the adverse resolution of any contract or other dispute with customers or suppliers; changes to customer or supplier payment terms, including as a result of the COVID-19 impact on such payment terms; risks associated with the strategic, long-term relationship between Walgreens Boots Alliance, Inc. and the Company, including principally with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; changes in tax laws or legislative initiatives that could adversely affect the Company's tax positions and/or the Company's tax liabilities or adverse resolution of challenges to the Company's tax positions; regulatory or enforcement action in connection with our former compounded sterile preparations (CSP) business or the related consent decree; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations; financial market volatility and disruption; the loss, bankruptcy or insolvency of a major supplier, including as a result of COVID-19; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer, including as a result of COVID-19; financial and other impacts of COVID-19 on our operations or business continuity; changes to the customer or supplier mix; malfunction, failure or breach of sophisticated information systems to operate as designed; risks generally associated with data privacy regulation and the international transfer of personal data; natural disasters or other unexpected events that affect the Company's operations; the impairment of goodwill or other intangible assets (including any additional impairments with respect to foreign operations), resulting in a charge to earnings; the acquisition of businesses that do not perform as expected, or that are difficult to integrate or control, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; the Company's ability to manage and complete divestitures; the disruption of the Company's cash flow and ability to return value to its stockholders in accordance with its past practices; interest rate and foreign currency exchange rate fluctuations; declining economic conditions in the United States and abroad; and other economic, business, competitive, legal, tax, regulatory and/or operational factors affecting the Company's business generally. Certain additional factors that management believes could cause actual outcomes and results to differ materially from those described in forward-looking statements are set forth (i) in Item 1A (Risk Factors), in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2019 and elsewhere in that report and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act. The Company undertakes no obligation to publicly update or revise any forward-looking statements, except as required by the federal securities laws.

GAAP / non-GAAP Reconciliation

In an effort to provide additional and useful information regarding AmerisourceBergen's financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials presented during this event include non-GAAP information. A reconciliation of that information to GAAP and other related information is available in the supplemental material attached as an appendix to this presentation and posted on our website, investor.amerisourcebergen.com.

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AmerisourceBergen is united in our responsibility to create healthier futures.

AmerisourceBergen drives innovative partnerships with global manufacturers, providers and pharmacies to improve product access and efficiency throughout the healthcare supply chain.

Q3 FY2020: Overview

COVID-19 Update

- Continuing to support associates and partners in complex atmosphere
- Deepening our relationships across healthcare system
- Providing innovative solutions and services demonstrating value proposition

Solid Q3 Performance & Positioned for Long-Term Growth

- Resilient third quarter revenue and solid adjusted EPS growth despite headwinds
- Strong balance sheet allowing for continued investment in business and strategic capital deployment

Guidance Update

- Updated fiscal 2020 guidance reflects the company's continued strong performance and solid execution

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Q3 FY2020 Financial Results

	GAAP	Adjusted (non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$45.4B 0.3%	$45.4B 0.3%
Gross Profit *% Change*	$1.2B (0.4)%	$1.2B 0.2%
Operating Expenses *% Change*	$821M (0.4)%	$725M 0.3%
Operating Income *% Change*	$405M (0.5)%	$508M 0.2%
Interest Expense, Net *% Change*	$38M 5.1%	$38M 5.1%
Effective Tax Rate	16.5%	18.8%
Net Income Attributable to ABC *% Change*	$289M (4.1)%	$380M 2.3%
Diluted Earnings Per Share *% Change*	$1.41 (1.4)%	$1.85 5.1%
Diluted Shares Outstanding *% Change*	206M (2.7)%	206M (2.7)%

[1]See tables at end of presentation for GAAP to non-GAAP reconciliations

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of the exhibit to the Company's most recent Current Report on Form 8-K furnished under Item 2.02.

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Q3 FY2020 Financial Results: Pharmaceutical Distribution Services Segment

	Q3 FY2020	Q3 FY2019
Revenue	**$43.6B**	**$43.5B**
Operating Income	**$427M**	**$412M**
Percentages of Revenue		
Gross Profit	**2.08%**	**2.08%**
Operating Expenses	**1.10%**	**1.13%**
Operating Income	**0.98%**	**0.95%**

- Revenue increase was muted due to increased purchases in the March quarter resulting in lower purchases in the quarter
- Operating income increase primarily due to lower corporate administrative expenses and higher gross profit

Q3 FY2020 Financial Results:
Other – Global Commercialization Services & Animal Health

	Q3 FY2020	Q3 FY2019
Revenue	$1.8B	$1.7B
Operating Income	$83M	$95M
Percentages of Revenue		
Gross Profit	18.17%	18.77%
Operating Expenses	13.59%	13.29%
Operating Income	4.58%	5.48%

- Other includes MWI, World Courier and AmerisourceBergen Consulting Services
- Revenue increase due to growth at our consulting group and World Courier
- Operating income decrease primarily due to impacts from COVID-19 at our MWI business

Differentiated and positioned for growth

Customer Base

- *Key anchor customers*
- *Fast growing*
- *U.S. Pharmaceutical focus*



Innovative Services & Solutions

- *Customer-focused offerings serving manufacturers and provider customers*



Leadership in Specialty Distribution & Services

- *History of investment*
- *Largest footprint*
- *Comprehensive offering*



Successful Corporate Stewardship

- *Focus on value creation*
- *Financial: cash flow and capital allocation*
- *People: Advancing talent and culture*



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FY20 Financial Guidance

Expectations on an Adjusted (non-GAAP) Basis	
Revenue	***Mid-single digit percent growth***
Diluted Earnings Per Share	***$7.80 to $7.95***
Operating Expense	Low-single digit percent growth
Operating Income	***Mid- to high-single digit*** **percent growth**
Pharmaceutical Distribution Services Operating Income	***Mid- to high-single digit percent growth***
Global Commercialization Services & Animal Health Operating Income	***Low-single digit percent growth***
Effective Tax Rate	***~21%***
Diluted weighted shares outstanding	206M to 207M
Free Cash Flow	~$1.5B
Capital Expenditures	***~$375M***

(1) ***Bold, italicized numbers indicate updates to FY2020 financial guidance***

The Company does not provide forward-looking guidance on a GAAP basis as certain information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. Please refer to the exhibit to the Company's most recent Current Report on Form 8-K furnished under Item 2.02 for more information.

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Appendix

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Appendix

AMERISOURCEBERGEN CORPORATION
GAAP TO NON-GAAP RECONCILIATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30, 2020							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Loss (Income) Attributable to Noncontrolling Interest	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,225,716	$ 820,885	$ 404,831	$ 343,835	$ 56,567	$ 2,171	$ 289,439	$ 1.41
Gain from antitrust litigation settlements	—	—	—	—	(15)	—	15	—
LIFO expense	6,061	—	6,061	6,061	1,555	—	4,506	0.02
PharMEDium shutdown costs	432	(12,504)	12,936	12,936	3,264	—	9,672	0.05
Acquisition-related intangibles amortization	—	(25,109)	25,109	25,109	6,276	(437)	18,396	0.09
Employee severance, litigation, and other	—	(58,585)	58,585	58,585	14,583	—	44,002	0.21
Impairment of PharMEDium assets	—	—	—	—	638	—	(638)	—
Contingent consideration adjustment	—	—	—	—	(22)	(1,833)	(1,811)	(0.01)
Loss on early retirement of debt	—	—	—	22,175	5,449	—	16,726	0.08
Adjusted Non-GAAP	$ 1,232,209	$ 724,687	$ 507,522	$ 468,701	$ 88,295	$ (99)	$ 380,307	$ 1.85
Adjusted Non-GAAP % change vs. prior year quarter	0.2 %	0.3 %	0.2 %	(0.5)%	(10.8)%		2.3 %	5.1 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.70%	2.72%
Operating expenses	1.81%	1.60%
Operating income	0.89%	1.12%

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of the exhibit to the Company's most recent Current Report on Form 8-K furnished under Item 2.02.

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GAAP TO NON-GAAP RECONCILIATIONS
(in thousands, except per share data)
(unaudited)

	Three months ended June 30, 2019							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Income Attributable to Noncontrolling Interest	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,231,239	$ 824,545	$ 406,694	$ 371,115	$ 69,113	$ (43)	$ 301,959	$ 1.43
Gain from antitrust litigation settlements	(3,480)	—	(3,480)	(3,480)	(1,849)	—	(1,631)	(0.01)
LIFO credit	(9,913)	—	(9,913)	(9,913)	(3,061)	—	(6,852)	(0.03)
PharMEDium remediation costs	11,698	(7,646)	19,344	19,344	5,301	—	14,043	0.07
New York State Opioid Stewardship Act	—	—	—	—	(149)	—	149	—
Acquisition-related intangibles amortization	—	(34,024)	34,024	34,024	9,511	(440)	24,073	0.11
Employee severance, litigation, and other	—	(60,006)	60,006	60,006	16,329	—	43,677	0.21
Impairment of PharMEDium assets	—	—	—	—	3,848	—	(3,848)	(0.02)
Gain on sale of an equity investment	—	—	—	—	(93)	—	93	—
Adjusted Non-GAAP	$ 1,229,544	$ 722,869	$ 506,675	$ 471,096	$ 98,950	$ (483)	$ 371,663	$ 1.76

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.72%	2.72%
Operating expenses	1.82%	1.60%
Operating income	0.90%	1.12%

Note: For more information related to non-GAAP financial measures, refer to the section titled "Supplemental Information Regarding Non-GAAP Financial Measures" of the exhibit to the Company's most recent Current Report on Form 8-K furnished under Item 2.02.

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Where knowledge,
reach and partnership
shape healthcare delivery.