Q4 & Full Year FY2020 Financial Results

November 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; 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; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws, economic sanctions and import laws and regulations; 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; the loss, bankruptcy or insolvency of a major supplier, including as a result of COVID-19; financial market volatility and disruption; 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.

Financial Results: Overview

Delivered Strong Fiscal 2020 Performance

- Solid year-over-year revenue and adjusted diluted EPS growth
- Continued leadership in Specialty Distribution and Services
- Revenue and operating income growth in both Pharmaceutical Distribution Services and Other

Executed a Differentiated Strategy

- Delivering best-in-class services and solutions to a diverse customer portfolio
- Leading specialty franchise enhanced by value-added services and solutions
- Developing innovative, technology-driven solutions to support customers, manufacturers, and patients
- Successful corporate stewardship

Well Positioned for Growth in FY 2021

- FY2021 guidance reflects growth across both Pharmaceutical Distribution Services and Other
- Leveraging strong customer base, leadership in specialty, dedication to innovation, and successful corporate stewardship to grow business
- Continued focus on execution, talent advancement, and becoming an even more unified company

Q4 FY2020 Financial Results

	GAAP	Adjusted (non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$49.2B 7.9%	$49.2B 7.9%
Gross Profit *% Change*	$1.3B 13.7%	$1.3B 6.4%
Operating Expenses *% Change*	$7,460M 642.4%	$795M 0.8%
Operating (Loss) Income *% Change*	$(6,113)M *(3,499.2)%*	$530M 16.2%
Interest Expense, Net *% Change*	$35M (4.7)%	$35M (4.7)%
Effective Tax Rate	21.1%	21.7%
Net (Loss) Income Attributable to ABC *% Change*	$(4,846)M (3,754.1)%	$389M 15.1%
Diluted Earnings Per Share *% Change*	$(23.74) *(3,868.3)%*	$1.89 17.4%
Diluted Shares Outstanding *% Change*	204M (2.7)%	206M (1.6)%

[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 Company’s most recent Current Report on Form 8-K furnished under Item 2.02.

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Full Year FY2020 Financial Results

	GAAP	Adjusted (non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$189.9B 5.7%	$189.9B 5.7%
Gross Profit *% Change*	$5.2B 1.0%	$5.2B 4.4%
Operating Expenses *% Change*	$10.3B 156.5%	$3.0B 2.3%
Operating (Loss) Income *% Change*	$(5.1)B (561.8)%	$2.2B 7.5%
Interest Expense, Net *% Change*	$138M (12.6)%	$138M (12.6)%
Effective Tax Rate	35.8%	20.8%
Net (Loss) Income Attributable to ABC *% Change*	$(3,409)M (498.5)%	$1,632M 8.7%
Diluted Earnings Per Share *% Change*	$(16.65) *(512.1%)*	$7.90 11.4%
Diluted Shares Outstanding *% Change*	205M (3.3)%	207M (2.5)%

[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 Company’s most recent Current Report on Form 8-K furnished under Item 2.02.

Q4 FY2020 Financial Results: Pharmaceutical Distribution Services Segment

	Q4 FY2020	Q4 FY2019
Revenue	**$47.3B**	**$43.9B**
Operating Income	**$425.6M**	**$369.3M**
Percentages of Revenue		
Gross Profit	**2.05%**	**2.07%**
Operating Expenses	**1.15%**	**1.23%**
Operating Income	**0.90%**	**0.84%**

- Revenue increased primarily due to continued strong specialty product sales and increased volume associated with the growth of some of our largest customers
- Operating income increased primarily due to the increase in gross profit, the exit of the PharMEDium compounding business, and a reversal of bad debt reserve

Q4 FY2020 Financial Results:
Other – Global Commercialization Services & Animal Health

	Q4 FY2020	Q4 FY2019
Revenue	$2.0B	$1.8B
Operating Income	$104.5M	$86.7M
Percentages of Revenue		
Gross Profit	18.08%	18.76%
Operating Expenses	12.83%	13.93%
Operating Income	5.25%	4.83%

- Revenue growth at all three operating segments: MWI, AmerisourceBergen Consulting Services, and World Courier
- World Courier continued its strong performance, driving operating income growth

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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FY21 Financial Guidance

Expectations on an Adjusted (non-GAAP) Basis	
Revenue	Mid-single digit percent growth
Diluted Earnings Per Share	$8.20 to $8.45
Operating Expense	Mid-single digit percent growth
Operating Income	Mid-single digit percent growth
Pharmaceutical Distribution Services Operating Income	Mid-single digit percent growth
Global Commercialization Services & Animal Health Operating Income	Mid-single digit percent growth
Effective Tax Rate	~21% to 22%
Diluted weighted shares outstanding	206M to 207M
Free Cash Flow	~$1.5B
Capital Expenditures	~$400M

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 September 30, 2020							
	Gross Profit	Operating Expenses	Operating (Loss) Income	(Loss) Income Before Income Taxes	Income Tax (Benefit) Expense	Net Income Attributable to Noncontrolling Interest	Net (Loss) Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,346,847	$ 7,459,984	$ (6,113,137)	$ (6,143,457)	$ (1,298,952)	$ (1,567)	$ (4,846,072)	$ (23.74)
Gain from antitrust litigation settlements	(530)	—	(530)	(530)	112	—	(642)	—
LIFO credit	(35,773)	—	(35,773)	(35,773)	(8,989)	—	(26,784)	(0.13)
PharMEDium shutdown costs	—	2,200	(2,200)	(2,200)	(2,132)	—	(68)	—
New York State Opioid Stewardship Act	14,800	—	14,800	14,800	3,240	—	11,560	0.06
Acquisition-related intangibles amortization	—	(25,133)	25,133	25,133	3,213	(437)	21,483	0.10
Employee severance, litigation, and other	—	(6,641,681)	6,641,681	6,641,681	1,081,721	—	5,559,960	27.20
Impairment of PharMEDium assets	—	—	—	—	(9,700)	—	9,700	0.05
Contingent consideration adjustment	—	—	—	—	327	189	(138)	—
Loss on early retirement of debt	—	—	—	—	(595)	—	595	—
Certain discrete tax benefits [1]	—	—	—	—	(20,425)	—	20,425	0.10
Tax reform [2]	—	—	—	—	360,745	—	(360,745)	(1.75)
Adjusted Non-GAAP	$ 1,325,344	$ 795,370	$ 529,974	$ 499,654	$ 108,565	$ (1,815)	$ 389,274	$ 1.89
Adjusted Non-GAAP % change vs. prior year quarter	6.4 %	0.8 %	16.2 %	18.7 %	31.5 %		15.1 %	17.4 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.74%	2.69%
Operating expenses	15.15%	1.62%
Operating (loss) income	(12.41)%	1.08%

[1] Represents an adjustment to discrete tax benefits previously recognized primarily attributable to the income tax deductions resulting from the permanent shutdown of the PharMEDium business.

[2] Represents a tax benefit relating to Swiss tax reform.

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

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(unaudited)

	Three Months Ended September 30, 2019							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax (Benefit) Expense	Net Loss Attributable to Noncontrolling Interest	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,184,737	$ 1,004,896	$ 179,841	$ 144,651	$ 12,344	$ 312	$ 132,619	$ 0.63
Gain from antitrust litigation settlements	(3,137)	—	(3,137)	(3,137)	(764)	—	(2,373)	(0.01)
LIFO expense	57,203	—	57,203	57,203	14,956	—	42,247	0.20
PharMEDium remediation costs	6,660	(7,027)	13,687	13,687	3,550	—	10,137	0.05
Acquisition-related intangibles amortization	—	(34,078)	34,078	34,078	8,844	(438)	24,796	0.12
Employee severance, litigation, and other	—	(174,407)	174,407	174,407	43,855	—	130,552	0.62
Other	—	—	—	—	(204)	—	204	—
Adjusted Non-GAAP	$ 1,245,463	$ 789,384	$ 456,079	$ 420,889	$ 82,581	$ (126)	$ 338,182	$ 1.61

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.60%	2.73%
Operating expenses	2.20%	1.73%
Operating income	0.39%	1.00%

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

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(in thousands, except per share data)
(unaudited)

	Fiscal Year Ended September 30, 2020							
	Gross Profit	Operating Expenses	Operating (Loss) Income	(Loss) Income Before Income Taxes	Income Tax (Benefit) Expense	Net Income Attributable to Noncontrolling Interest	Net (Loss) Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 5,191,884	$ 10,327,238	$ (5,135,354)	$ (5,293,831)	$ (1,894,273)	$ (9,158)	$ (3,408,716)	$ (16.65)
Gain from antitrust litigation settlements	(9,076)	—	(9,076)	(9,076)	(1,988)	—	(7,088)	(0.03)
LIFO expense	7,422	—	7,422	7,422	1,625	—	5,797	0.03
PharMEDium shutdown and remediation costs	12,556	(46,815)	59,371	59,371	12,996	—	46,375	0.22
New York State Opioid Stewardship Act	14,800	—	14,800	14,800	3,240	—	11,560	0.06
Acquisition-related intangibles amortization	—	(110,478)	110,478	110,478	24,184	(1,745)	84,549	0.41
Employee severance, litigation, and other	—	(6,807,307)	6,807,307	6,807,307	1,122,417	—	5,684,890	27.66
Impairment of PharMEDium assets	—	(361,652)	361,652	361,652	79,165	—	282,487	1.37
Contingent consideration adjustment	—	12,153	(12,153)	(12,153)	(2,660)	5,867	(3,626)	(0.02)
Loss on early retirement of debt	—	—	—	22,175	4,854	—	17,321	0.08
Certain discrete tax benefits [1]	—	—	—	—	720,590	—	(720,590)	(3.49)
Tax reform [2]	—	—	—	—	360,745	—	(360,745)	(1.75)
Adjusted Non-GAAP	$ 5,217,586	$ 3,013,139	$ 2,204,447	$ 2,068,145	$ 430,895	$ (5,036)	$ 1,632,214	$ 7.90 [3]
Adjusted Non-GAAP % change vs. prior year	4.4 %	2.3 %	7.5 %	9.3 %	10.5 %		8.7 %	11.4 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.73%	2.75%
Operating expenses	5.44%	1.59%
Operating (loss) income	(2.70)%	1.16%

[1] Represents discrete tax benefits primarily attributable to the income tax deductions resulting from the permanent shutdown of the PharMEDium business.

[2] Represents a tax benefit relating to Swiss tax reform.

[3] The sum of the components does not equal the total due to rounding.

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

	Fiscal Year Ended September 30, 2019							
	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	$ 5,138,312	$ 4,026,389	$ 1,111,923	$ 967,106	$ 112,971	$ 1,230	$ 855,365	$ 4.04
Gain from antitrust litigation settlements	(145,872)	—	(145,872)	(145,872)	(38,063)	—	(107,809)	(0.51)
LIFO credit	(22,544)	—	(22,544)	(22,544)	(5,883)	—	(16,661)	(0.08)
PharMEDium remediation costs	48,603	(20,820)	69,423	69,423	18,115	—	51,308	0.24
New York State Opioid Stewardship Act	(22,000)	—	(22,000)	(22,000)	(5,741)	—	(16,259)	(0.08)
Acquisition-related intangibles amortization	—	(159,848)	159,848	159,848	41,710	(1,821)	116,317	0.55
Employee severance, litigation, and other	—	(330,474)	330,474	330,474	84,638	—	245,836	1.16
Impairment of PharMEDium assets	—	(570,000)	570,000	570,000	148,734	—	421,266	1.99
Gain on sale of an equity investment	—	—	—	(13,692)	(3,573)	—	(10,119)	(0.05)
Tax reform [1]	—	—	—	—	36,997	—	(36,997)	(0.17)
Adjusted Non-GAAP	$ 4,996,499	$ 2,945,247	$ 2,051,252	$ 1,892,743	$ 389,905	$ (591)	$ 1,502,247	$ 7.09

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.86%	2.78%
Operating expenses	2.24%	1.64%
Operating income	0.62%	1.14%

[1] Includes a measurement period adjustment to the one-time transition tax on historical foreign earnings and profits through December 31, 2017.

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

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AMERISOURCEBERGEN CORPORATION
RECONCILIATION OF DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (GAAP TO NON-GAAP)
(in thousands)
(unaudited)

	Three Months Ended September 30,		Fiscal Year Ended September 30,	
	2020	2019	2020	2019
Basic shares outstanding	204,094	207,979	204,783	210,165
Stock option and restricted stock unit dilution	—	1,701	—	1,675
GAAP diluted shares outstanding	204,094	209,680	204,783	211,840
Stock option and restricted stock unit dilution[1]	2,262	—	1,839	—
Non-GAAP diluted shares outstanding	206,356	209,680	206,622	211,840

[1] For the non-GAAP presentation, diluted weighted average common shares outstanding have been adjusted to include the impact of the stock options and restricted stock units that were anti-dilutive for GAAP presentation.

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

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reach and partnership
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