AmerisourceBergen

Q2 FY2021 Financial Results

May 5, 2021

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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"). 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; the Company's ability to consummate the proposed acquisition of Walgreens Boots Alliance, Inc.'s Alliance Healthcare businesses and related strategic transactions; the regulatory approvals required for the proposed acquisition and related strategic transactions not being obtained on the terms expected or on the anticipated schedule or at all; the integration of the Alliance Healthcare business into the Company being more difficult, time consuming or costly than expected; the Company's or Alliance Healthcare's failure to achieve expected or targeted future financial and operating performance and results; the effects of disruption from the proposed acquisition and related strategic transactions on the respective businesses of the Company and Alliance Healthcare and the fact that the announcement or pendency of the proposed acquisition and related strategic transactions may make it more difficult to establish or maintain relationships with employees, suppliers and other business partners; the acquisition of businesses, including the proposed acquisition of the Alliance Healthcare businesses and related strategic transactions, 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; risks associated with the strategic, long-term relationship between Walgreens Boots Alliance, Inc. and the Company, including with respect to the pharmaceutical distribution agreement and/or the global generic purchasing services arrangement; 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; 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; 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 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, such as additional pandemics, 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 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, 2020 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.



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.

AmerisourceBergen

Overview

Solid Q2 performance

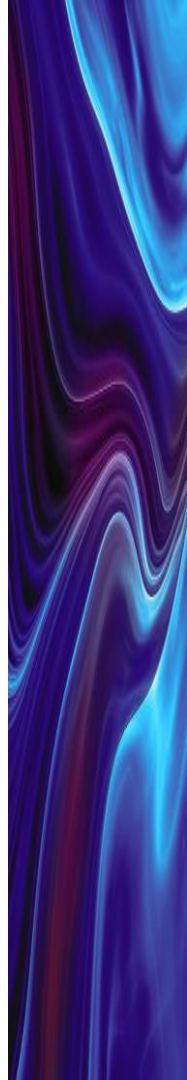
- Pharmaceutical distribution growth driven by specialty product sales
- Continued exceptional performance at MWI and World Courier in Other

Positioned for long-term, sustainable growth

- Strengthening global portfolio of solutions
- Supporting pharmaceutical innovation
- Investing in people and culture
- Published 5th sustainability and ESG report

Fiscal 2021 guidance update

- Updated fiscal 2021 guidance reflects strong business fundamentals and execution
- Guidance does not incorporate previously announced Alliance Healthcare transaction



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Q2 FY2021 financial results

Consolidated results

	GAAP	Adjusted (non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$49.2B 3.7%	$49.2B 3.7%
Gross profit *% Change*	$1.5B 10.5%	$1.5B 6.7%
Operating expenses *% Change*	$909M (15.7)%	$806M 8.1%
Operating income *% Change*	$624M 101.7%	$707M 5.2%
Interest expense, net *% Change*	$35M 0.3%	$35M 0.3%
Effective tax rate	23.4%	21.9%
Net income attributable to ABC *% Change*	$435M (54.7)%	$524M 5.4%
Diluted earnings per share *% Change*	$2.10 (54.7)%	$2.53 5.4%
Diluted shares outstanding *% Change*	207M 0.1%	207M 0.1%

[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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Q2 FY2021 financial results

Pharmaceutical Distribution Services segment

	Q2 FY2021	Q2 FY2020
Revenue	$47.1B	$45.6B
Operating income	$589M	$563M
Percentages of revenue		
Gross profit	2.39%	2.32%
Operating expenses	1.14%	1.08%
Operating income	1.25%	1.24%

- Revenue increase driven by strong specialty product sales, including COVID-19 treatments
- Operating income increase primarily due to the growth in sales of specialty products



Q2 FY2021 financial results

Other — Global Commercialization Services & Animal Health

	Q2 FY2021	Q2 FY2020
Revenue	$2.1B	$1.9B
Operating income	$123M	$108M
Percentages of revenue		
Gross profit	18.81%	19.15%
Operating expenses	12.92%	13.38%
Operating income	5.89%	5.77%

- Other includes MWI, World Courier and AmerisourceBergen Consulting Services
- Revenue increase due to growth at all three operating segments
- Operating income increase due to performance of World Courier and MWI



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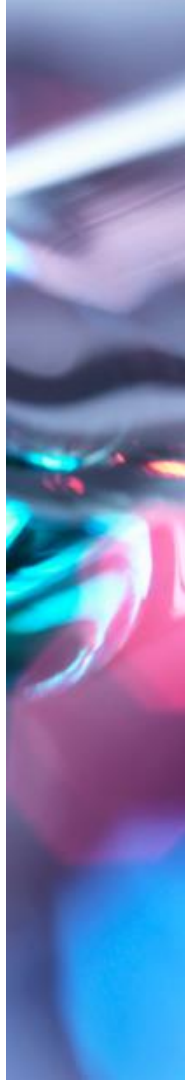
FY2021 guidance

Updated guidance does not include any contribution from the proposed Alliance Healthcare acquisition

Expectations on an *adjusted (non-GAAP)* basis[1]	
Revenue	High-single digit percent growth
Diluted earnings per share	**$8.45 to $8.60**
Operating expense	**High-single digit percent growth**
Operating income	High-single digit percent growth
Pharmaceutical Distribution services operating income	High-single digit percent growth
Global Commercialization & Animal Health operating income	**Low-double digit percent growth**
Effective tax rate	~21-22%
Diluted weighted average shares outstanding	**~207-208M**
Free cash flow	~$1.5B
Capital expenditures	~$400M

Bold numbers indicate updates to FY2021 financial guidance

1. Note: 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.



AmerisourceBergen

Purpose fuels performance

Why we exist

We are united in our responsibility to create healthier futures

Our key strengths

- Best customer base
- Leader in specialty distribution and commercialization
- Innovation mindset
- Corporate stewardship

Our growth strategies

Customer focus
Further strengthen portfolio of solutions and customer relationships to lead with market leaders

Expand on specialty leadership
Enhance capabilities to support both upstream partners and downstream customers

Execution and innovation
Continue to deliver best-in-class service, set efficiency standards, and develop innovative approaches

Contribute to Rx outcomes
Enable positive outcomes globally by facilitating market access and supporting Rx innovation

Our long-term, sustainable growth is supported by our diverse and inclusive teams and investments in our people and culture

Next evolution of enhancing ability to provide innovative and global healthcare solutions

Acquisition of Alliance Healthcare and extension of U.S. partnership with Walgreens



Strategic highlights

- **Enhances** scale and margin profile
- **Extends** core wholesale, distribution, and related solutions capabilities into key markets
- **Strengthens** global platform of higher-margin manufacturer services to support innovation, further positioning AmerisourceBergen as partner of choice
- **Extends and expands** existing U.S. WBA partnership through 2029, and creates incremental growth and efficiency in sourcing, logistics and distribution

Financial impacts

- Acquisition expected to generate **high-teens % adjusted EPS accretion** in first twelve months post close*
- **Adjusted EPS accretion expected to accelerate** in subsequent years through synergies and as expanded U.S. distribution relationship ramps
- **Adjusted free cash flow expected to increase to 125%** of AmerisourceBergen's stand-alone estimates*
- Positive contribution to cash generation will support **debt reduction in the years following** the transaction's close
- Expected to **maintain strong investment grade credit rating**

*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

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

	Three Months Ended March 31, 2021							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Loss Attributable to Noncontrolling Interests	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,533,381	$ 909,034	$ 624,347	$ 566,511	$ 132,506	$ 1,262	$ 435,267	$ 2.10
LIFO credit	(20,918)	—	(20,918)	(20,918)	(4,957)	—	(15,961)	(0.08)
Acquisition-related intangibles amortization	—	(24,973)	24,973	24,973	3,302	(437)	21,234	0.10
Employee severance, litigation, and other [1]	—	(78,156)	78,156	78,156	18,494	—	59,662	0.29
Tax reform [2]	—	—	—	21,368	(2,701)	—	24,069	0.12
Adjusted Non-GAAP	$ 1,512,463	$ 805,905	$ 706,558	$ 670,090	$ 146,644	$ 825	$ 524,271	$ 2.53
Adjusted Non-GAAP % change vs. prior year	6.7 %	8.1 %	5.2 %	5.0 %	6.9 %		5.4 %	5.4 %

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.12 %	3.08 %
Operating expenses	1.85 %	1.64 %
Operating income	1.27 %	1.44 %

[1] Includes a $17.1 million legal expense accrual for estimated costs associated with the injunctive relief terms of the potential framework that is part of the advanced discussions to reach a global settlement of the Multidistrict Litigation and related state-court opioid litigation.

[2] Includes tax expense relating to Swiss tax reform and a loss on the currency remeasurement of the related deferred tax assets, which is recorded within Other Loss (Income).

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.

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

	Three Months Ended March 31, 2020							
	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax (Benefit) Expense	Net Income Attributable to Noncontrolling Interests	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	$ 1,388,107	$ 1,078,592	$ 309,515	$ 276,203	$ (694,908)	$ (10,834)	$ 960,277	$ 4.64
Gain from antitrust litigation settlements	(54)	—	(54)	(54)	(111)	—	57	—
LIFO expense	23,853	—	23,853	23,853	5,972	—	17,881	0.09
PharMEDium shutdown costs	4,989	(27,481)	32,470	32,470	8,107	—	24,363	0.12
Acquisition-related intangibles amortization	—	(26,670)	26,670	26,670	6,894	(435)	19,341	0.09
Employee severance, litigation, and other	—	(67,732)	67,732	67,732	16,978	—	50,754	0.25
Impairment of PharMEDium assets	—	(223,652)	223,652	223,652	56,156	—	167,496	0.81
Contingent consideration adjustment	—	12,153	(12,153)	(12,153)	(2,965)	7,511	(1,677)	(0.01)
Certain discrete tax benefits [1]	—	—	—	—	741,015	—	(741,015)	(3.58)
Adjusted Non-GAAP	$ 1,416,895	$ 745,210	$ 671,685	$ 638,373	$ 137,138	$ (3,758)	$ 497,477	$ 2.40 [2]

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.93%	2.99%
Operating expenses	2.27%	1.57%
Operating income	0.65%	1.42%

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

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

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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