

Amerisourcebergen Corporation Logo

## **AmerisourceBergen Reports Record Operating Revenue and Diluted Earnings Per Share for the March Quarter**

April 24, 2003

AmerisourceBergen Corporation (NYSE:ABC)

Operating Revenue Up 13 percent, and  
Diluted EPS Up 23 percent

AmerisourceBergen Corporation (NYSE:ABC) today reported record results for its fiscal second quarter ended March 31, 2003.

The following results are presented in accordance with generally accepted accounting principles (GAAP).

### Fiscal Second Quarter Highlights

- Record diluted earnings per share of \$1.03, including special charges of \$0.02, up 23 percent.
- Record net income of \$116.4 million, up 27 percent.
- Record operating revenue of \$11.2 billion, up 13 percent.
- Return On Committed Capital (ROCC) of 26.2 percent.

### Fiscal First Six Months Highlights

- Record diluted earnings per share of \$1.87, including special charges of \$0.01, up 26 percent.
- Record net income of \$209.2 million, up 31 percent.
- Record operating revenue of \$22.3 billion, up 14 percent.

"AmerisourceBergen again delivered outstanding performance," said R. David Yost, AmerisourceBergen's Chief Executive Officer. "We had excellent results across all of our businesses. Strong operating revenues in combination with operating expense efficiency drove significant operating margin expansion. This performance combined with solid working capital management resulted in improved return on committed capital and excellent earnings per share."

### Discussion of Results

Diluted earnings per share for the second quarter of fiscal 2003 were \$1.03, a 23 percent increase over the \$0.84 in the prior year's second quarter. Included in these results were special charges of \$2.4 million, net of tax, in the second quarter of fiscal 2003 for facility consolidations and employee severance and a \$2.9 million charge, net of tax, in the same period of the previous fiscal year for merger integration activities. The earnings per share impact of the special charges was a decrease of \$0.02 in the second quarter of fiscal 2003 and a decrease of \$0.03 in the second quarter of fiscal 2002.

Also in the second quarter of fiscal 2003, the Company wrote down \$5.5 million of its equity investment in a technology company, which is included in the "equity in losses of affiliates and other" line in the income statement.

AmerisourceBergen's operating revenue, which excludes bulk deliveries to customer warehouses, rose 13 percent to \$11.2 billion in the second quarter of fiscal 2003 compared to \$9.9 billion for the same period last year.

For the first six months of fiscal 2003, diluted earnings per share were \$1.87, a 26 percent increase over the \$1.48 in the same six-month period last year. Special items related to facility consolidations and employee severance in the first half of fiscal 2003 and merger costs in the first six months of fiscal 2002 resulted in a net decrease in earnings per share of \$0.01 and \$0.06, respectively.

Operating revenue in the first six months of fiscal 2003 increased 14 percent to \$22.3 billion from \$19.6 billion in the same period of the previous fiscal year.

"Our excellent operating performance in the quarter was driven primarily by continued strong merger integration cost savings, excellent growth in our specialty pharmaceuticals business, and contributions from recent acquisitions," said Kurt J. Hilzinger, AmerisourceBergen's President and Chief Operating Officer.

"Throughout the period, the building of our new pharmaceutical distribution network continued on time and on budget," he continued. "We consolidated two distribution centers, one in Lynchburg, Virginia, and one in Joplin, Missouri, into other facilities and remain on track to consolidate three more facilities before the end of this fiscal year. We have now consolidated ten distribution centers."

"In our PharMerica segment, strong, disciplined operating revenue growth of 10 percent reflects improved growth in both our long term care pharmacy

and workers' compensation fulfillment businesses," said Hilzinger. "Continued focus on improved operating practices and customer mix drove operating expenses down and expanded operating margins in the quarter to record levels."

#### Segment Review

AmerisourceBergen operates in two segments: Pharmaceutical Distribution (which includes the AmerisourceBergen Drug Company and AmerisourceBergen Specialty Group operations) and PharMerica (which includes the long term care pharmacy and workers' compensation fulfillment businesses). Intersegment sales of \$192.8 million in the second quarter of fiscal 2003 from AmerisourceBergen Drug Company to PharMerica, which are included in the Pharmaceutical Distribution segment operating revenue, are eliminated for consolidated reporting purposes.

#### Pharmaceutical Distribution Segment

Operating revenue in the second quarter of fiscal 2003 increased to \$11.0 billion compared with \$9.8 billion in the second quarter of fiscal year 2002, a 13 percent increase.

Pharmaceutical Distribution customer mix in the second quarter of fiscal 2003 was 55 percent institutional and 45 percent retail. Institutional customers, which include mail order facilities, hospitals and specialty pharmaceutical customers, continued to grow faster than retail customers.

Gross profit as a percentage of operating revenue was 4.11 percent in the second quarter of fiscal 2003, a 7 basis point improvement over the same period in the prior fiscal year. Higher gross margins were positively impacted by recent acquisitions, which offset the impacts of customer mix and the competitive environment.

Total operating expenses as a percentage of operating revenue in the second quarter of fiscal 2003 were 2.15 percent, an 8 basis point improvement over the same quarter last year, driven by merger integration cost savings, customer mix, and operating efficiencies, offset in part by higher expense ratios within recent acquisitions.

Operating income as a percentage of operating revenue in the second quarter of fiscal 2003 expanded 17 basis points to 1.97 percent compared to the second quarter of fiscal 2002.

AmerisourceBergen Specialty Group, with annualized revenue of more than \$3 billion, continued its strong quarterly performance, building significant positions in oncology, blood plasma, and injectables distribution primarily to physicians, as well as growing its manufacturing services businesses.

#### PharMerica

PharMerica's operating revenue for the second quarter of fiscal 2003 increased 10 percent to \$397.1 million from \$359.8 million in the previous year's second quarter.

Gross profit as a percentage of operating revenue was 32.35 percent in the second quarter of fiscal 2003, a 117 basis point decline over the same period in the prior fiscal year due primarily to the more rapid growth of the lower gross margin workers' compensation business. The decline in gross margin was more than offset by a 181 basis point improvement in total operating expenses as a percentage of operating revenue due primarily to improved operating practices and the change in customer mix. Operating income as a percentage of operating revenue expanded 64 basis points in the quarter ended March 31, 2003 to 6.07 percent from 5.43 percent in the same period of the prior year.

#### Looking Ahead

"For the fiscal year ending September 30, 2003, we continue to expect to grow operating revenue approximately 13 percent, with the second half of the fiscal year growing between 11 percent and 12 percent. We continue to expect earnings per share growth of 20 percent for the remainder of fiscal year 2003, excluding the impact of special items and the cost of exercising the call option on the PharMerica bonds in April 2003," said Yost. "ROCC is expected to remain well above our 20 percent long-term target, and we continue to be confident in our ability to achieve annual merger integration cost savings of approximately \$150 million by the end of fiscal year 2004, followed by additional cost savings as we complete the build out of our distribution network."

#### Conference Call

The Company will host a conference call to discuss the results at 11:00 a.m. Eastern Daylight Time on April 24, 2003. Participating in the conference call will be: R. David Yost, Chief Executive Officer; Kurt J. Hilzinger, President and Chief Operating Officer; and Michael D. DiCandilo, Senior Vice President and Chief Financial Officer.

To access the live conference call via telephone:

Dial in: (866) 269-9612 from inside the U.S., no access code required  
or (612) 332-0802 from outside the U.S., no access code required.

To access the live webcast:

Go to the Quarterly Webcasts section on the Investor Relations page at <http://www.amerisourcebergen.com>.

A replay of the telephone call and webcast will be available from 4:15 p.m. April 24, 2003 until 11:59 p.m. May 1, 2003.

To access the replay via telephone:

Dial in: (800) 475-6701 from within the U.S., access code: 673719  
(320) 365-3844 from outside the U.S., access code: 673719

To access the archived webcast:

Go to the Quarterly Webcasts section on the Investor Relations page at  
<http://www.amerisourcebergen.com>.

#### About AmerisourceBergen

AmerisourceBergen (NYSE:ABC) is the largest pharmaceutical services company in the United States dedicated solely to the pharmaceutical supply chain. It is the leading distributor of pharmaceutical products and services to the hospital systems/acute care market, physician's offices, alternate care and mail order facilities, independent community pharmacies, and regional chain pharmacies. The Company is also a leader in the long term care pharmacy and workers' compensation fulfillment marketplaces. With more than \$40 billion in annualized operating revenue, AmerisourceBergen is headquartered in Valley Forge, PA, and employs more than 13,000 people. AmerisourceBergen is ranked #24 on the Fortune 500 list and was ranked #6 in the 2003 Business Week 50, a list of the 50 best performing companies in the S & P 500. For more information, go to [www.amerisourcebergen.com](http://www.amerisourcebergen.com).

#### Forward-Looking Statements

This news release may contain certain "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. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained in the forward-looking statements. Forward-looking statements may include statements addressing future financial and operating results of AmerisourceBergen and the benefits and other aspects of the 2001 merger between AmeriSource Health Corporation and Bergen Brunswig Corporation.

The following factors, among others, could cause actual results to differ materially from those described in any forward-looking statements: competitive pressures; the loss of one or more key customer relationships; customer insolvencies; changes in customer mix; changes in pharmaceutical manufacturers' pricing and distribution policies; regulatory changes; changes in U.S. government policies; failure to integrate the businesses of AmeriSource and Bergen Brunswig successfully; failure to obtain and retain expected synergies from the merger of AmeriSource and Bergen Brunswig; and other economic, business, competitive, regulatory and/or operational factors affecting the business of AmerisourceBergen generally.

More detailed information about these factors is set forth in AmerisourceBergen's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for fiscal 2002.

AmerisourceBergen is under no obligation to (and expressly disclaims any such obligation to) update or alter any forward looking statements whether as a result of new information, future events or otherwise.

AMERISOURCEBERGEN CORPORATION  
FINANCIAL SUMMARY  
(In thousands, except per share data)  
(unaudited)

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	% of Operating Revenue	% of Operating Revenue	% Change
Revenue:					
Operating revenue	\$11,213,959	\$9,918,609	100.00%	100.00%	13%
Bulk deliveries to customer warehouses	948,582	1,025,658			-8%
Total revenue	12,162,541	10,944,267			
Cost of goods sold	11,581,352	10,429,774			11%
Gross profit	581,189	514,493	5.18%	5.19%	13%
Operating expenses:					
Distribution, selling and administrative	323,563	304,576	2.89%	3.07%	6%

Depreciation and amortization	17,069	0.15%	14,402	0.15%	19%
Facility consolidations and employee severance	4,005	0.04%	-	0.00%	N/A
Merger costs	-	0.00%	4,741	0.05%	N/A
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Operating income	236,552	2.11%	190,774	1.92%	24%
Equity in losses (income) of affiliates and other	5,733	0.05%	(354)	0.00%	N/A
Interest expense	38,399	0.34%	38,752	0.39%	-1%
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Income before taxes	192,420	1.72%	152,376	1.54%	26%
Income taxes	76,006	0.68%	60,502	0.61%	26%
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Net income	\$116,414	1.04%	\$91,874	0.93%	27%
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Earnings per share:

Basic	\$1.06	\$0.88
Diluted	\$1.03	\$0.84

Weighted average common shares outstanding:

Basic	109,438	104,404
Diluted	115,756	111,704

AMERISOURCEBERGEN CORPORATION  
FINANCIAL SUMMARY  
(In thousands, except per share data)  
(unaudited)

Six	Six		
Months Ended	% of	Months Ended	% of
March 31,	Operating	March 31,	Operating
2003	Revenue	2002	Revenue
			Change
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Revenue:

Operating revenue	\$22,320,864	100.00%	\$19,604,885	100.00%	14%
Bulk deliveries to customer warehouses	2,276,210		2,408,162		-5%
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Total revenue	24,597,074		22,013,047		

Cost of goods sold	23,494,460		21,027,121		12%
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Gross profit	1,102,614	4.94%	985,926	5.03%	12%
Operating expenses:					
Distribution, selling and administrative	641,245	2.87%	602,168	3.07%	6%
Depreciation and amortization	34,338	0.15%	29,449	0.15%	17%
Facility consolidations and employee severance	2,624	0.01%	-	0.00%	N/A
Merger costs	-	0.00%	12,238	0.06%	N/A
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Operating income	424,407	1.90%	342,071	1.74%	24%
Equity in losses of affiliates and other	5,916	0.03%	1,377	0.01%	330%
Interest expense	72,784	0.33%	75,745	0.39%	-4%
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Income before taxes	345,707	1.55%	264,949	1.35%	30%
Income taxes	136,554	0.61%	105,192	0.54%	30%
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Net income	\$209,153	0.94%	\$159,757	0.81%	31%
	=====		=====		
Earnings per share:					
Basic	\$1.93		\$1.54		
Diluted	\$1.87		\$1.48		
Weighted average common shares outstanding:					
Basic	108,101		104,070		
Diluted	114,566		111,443		

AMERISOURCEBERGEN CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)  
(unaudited)

ASSETS

March 31, 2003	September 30, 2002	\$
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Current assets:				
Cash and cash equivalents	\$225,956	\$663,340	(\$437,384)	
Accounts receivable, net	2,163,665	2,222,156	(58,491)	
Merchandise inventories	6,898,825	5,437,878	1,460,947	
Prepaid expenses and other	16,211	26,263	(10,052)	
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Total current assets	9,304,657	8,349,637	955,020	
Long-term assets	3,018,982	2,863,375	155,607	
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Total assets	\$12,323,639	\$11,213,012	\$1,110,627	
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#### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Accounts payable	\$5,782,858	\$5,367,837	\$415,021	
Current portion of long-term debt	60,948	60,819	129	
Other current liabilities	744,518	670,861	73,657	
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Total current liabilities	6,588,324	6,099,517	488,807	
Long-term debt, less current portion	2,000,790	1,756,494	244,296	
Other liabilities	42,571	40,663	1,908	
Stockholders' equity	3,691,954	3,316,338	375,616	
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Total liabilities and stockholders' equity	\$12,323,639	\$11,213,012	\$1,110,627	
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AMERISOURCEBERGEN CORPORATION  
SUMMARY SEGMENT INFORMATION  
(dollars in thousands)  
(unaudited)

	Three Months Ended March 31,		
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Operating Revenue	2003	2002	% Change
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Pharmaceutical Distribution	\$11,009,646	\$9,750,903	13%

PharMerica	397,095	359,761	10%
Intersegment Eliminations	(192,782)	(192,055)	0%

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Operating revenue                    \$11,213,959   \$9,918,609   13%  
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Three Months Ended March 31,  
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Operating Income	2003	2002	% Change
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Pharmaceutical Distribution	\$216,456	\$175,968	23%
PharMerica	24,101	19,547	23%
Merger costs, facility consolidations and employee severance	(4,005)	(4,741)	16%

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Operating income                    \$236,552   \$190,774   24%  
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Percentages of operating revenue:

Pharmaceutical Distribution

Gross profit	4.11%	4.04%
Operating expenses	2.15%	2.23%
Operating income	1.97%	1.80%

PharMerica

Gross profit	32.35%	33.52%
Operating expenses	26.28%	28.09%
Operating income	6.07%	5.43%

AmerisourceBergen Corporation

Gross profit	5.18%	5.19%
Operating expenses	3.07%	3.26%
Operating income	2.11%	1.92%

AMERISOURCEBERGEN CORPORATION  
SUMMARY SEGMENT INFORMATION  
(dollars in thousands)  
(unaudited)

Six Months Ended March 31,  
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Operating Revenue	2003	2002	% Change
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Pharmaceutical Distribution	\$21,909,216	\$19,272,979	14%
PharMerica	799,937	715,176	12%
Intersegment Eliminations	(388,289)	(383,270)	-1%

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Operating revenue                    \$22,320,864   \$19,604,885   14%  
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Six Months Ended March 31,

Operating Income	2003	2002	% Change
Pharmaceutical Distribution	\$379,391	\$315,452	20%
PharMerica	47,640	38,857	23%
Merger costs, facility consolidations and employee severance	(2,624)	(12,238)	79%
Operating income	\$424,407	\$342,071	24%

Percentages of operating revenue:

Pharmaceutical Distribution

Gross profit	3.85%	3.87%
Operating expenses	2.12%	2.23%
Operating income	1.73%	1.64%

PharMerica

Gross profit	32.26%	33.57%
Operating expenses	26.31%	28.14%
Operating income	5.96%	5.43%

AmerisourceBergen Corporation

Gross profit	4.94%	5.03%
Operating expenses	3.04%	3.28%
Operating income	1.90%	1.74%

AMERISOURCEBERGEN CORPORATION  
EARNINGS PER SHARE  
(In thousands, except per share data)  
(unaudited)

Basic earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the periods presented. Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the period plus the dilutive effect of stock options. Additionally, the diluted earnings per share calculation considers the convertible subordinated notes as if converted and, therefore, the effect of interest expense related to those notes is added back to net income in determining income available to common stockholders.

Three months ended	Six months ended
March 31,	March 31,
2003	2002
2003	2002



Net income	\$116,414	\$91,874	\$209,153	\$159,757
Interest expense - convertible subordinated notes, net of income taxes	2,489	2,481	4,978	4,961

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Income available to common stockholders	\$118,903	\$94,355	\$214,131	\$164,718
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Weighted average common shares outstanding - basic	109,438	104,404	108,101	104,070
Effect of dilutive securities:				
Options to purchase common stock	654	1,636	801	1,709
Convertible subordinated notes	5,664	5,664	5,664	5,664

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Weighted average common shares outstanding - diluted	115,756	111,704	114,566	111,443
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Earnings per share:				
Basic	\$1.06	\$0.88	\$1.93	\$1.54
Diluted	\$1.03	\$0.84	\$1.87	\$1.48

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