

# AmerisourceBergen and Walgreens Boots Alliance Announce Strategic Agreement

January 6, 2021



# Cautionary note regarding forward-looking statements

This communication contains “forward-looking statements”. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Our statements regarding adjusted EPS accretion and adjusted free cash flow growth are forward-looking statements and subject to significant uncertainty. In addition, other forward-looking statements may include, without limitation, statements about the proposed acquisition and related strategic transactions, the expected timetable for completing the proposed acquisition and related strategic transactions, the expected benefits and synergies of the proposed acquisition and related strategic transactions, future opportunities for AmerisourceBergen and WBA and any other statements regarding AmerisourceBergen’s, Alliance Healthcare’s or WBA’s future operations, financial or operating results, capital allocation, dividend policy, debt ratio, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competitions, and other expectations and targets for future periods. Forward-looking statements may often be identified by the use of words such as “will”, “may”, “could”, “should”, “would”, “project”, “believe”, “anticipate”, “expect”, “plan”, “estimate”, “forecast”, “potential”, “intend”, “continue”, “target” and variations of these words or comparable words. Because forward-looking statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the parties’ ability to meet expectations regarding the timing of the proposed acquisition and related strategic transactions; the parties’ ability to consummate the proposed acquisition and related strategic transactions; the conditions to the completion of the proposed acquisition 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; inherent uncertainties involved in the estimates and judgments used in the preparation of financial statements and the providing of estimates of financial measures, in accordance with GAAP and related standards, or on an adjusted basis; the integration of Alliance Healthcare into AmerisourceBergen being more difficult, time consuming or costly than expected; AmerisourceBergen’s or Alliance Healthcare’s failure to achieve expected or targeted future financial and operating performance and results; the possibility that the combined company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the proposed acquisition and related strategic transactions within the expected time frames or at all; customer loss and business disruption being greater than expected following the proposed acquisition and related strategic transactions; the retention of key employees being more difficult following the proposed acquisition and related strategic transactions; the effect of any changes in customer and supplier relationships and customer purchasing patterns; the impacts of competition; changes in the economic and financial conditions of the business of AmerisourceBergen or Alliance Healthcare; and uncertainties and matters beyond the control of management and other factors described under “Risk Factors” in each of AmerisourceBergen’s and WBA’s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the SEC. You can access AmerisourceBergen’s or WBA’s filings with the SEC through the SEC website at [www.sec.gov](http://www.sec.gov) or through AmerisourceBergen’s or WBA’s website, and AmerisourceBergen and WBA strongly encourage you to do so. Except as required by applicable law, AmerisourceBergen, Alliance Healthcare and WBA undertake no obligation to update any statements herein for revisions or changes after the date of this communication.

## **GAAP / non-GAAP Reconciliation**

This release includes the presentation and discussion of certain financial information that differs from what is reported under GAAP. These non-GAAP financial measures, including, but not limited to, EBITDA, adjusted free cash flow and adjusted EPS are presented in order to supplement investors’ and other readers’ understanding and assessment of the financial performance of AmerisourceBergen. Non-GAAP measures should be considered only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP.



**Advancing  
AmerisourceBergen's  
role as a key pillar of  
pharmaceutical  
innovation and access**

Today's announcement is  
consistent with our commitment  
to creating healthier futures

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



## Acquisition of Alliance Healthcare will:

- Add to the breadth and depth of valued services offered to customers
- Build on and extend core distribution expertise with established European leader
- Enhance global platform of manufacturer services to support pharmaceutical innovation



## Extension and expansion of strategic partnership with WBA will:

- Extend U.S. distribution agreement through 2029
- Expands partnership to create incremental growth and efficiency in sourcing, logistics and distribution
- Increase scale and efficiency of U.S. network for all downstream customers
- Create opportunities for further global collaboration



# Alliance Healthcare enhances scale, extends distribution footprint and adds to platform for further growth

**1** Enhances scale and margin profile with high-teens % adjusted EPS accretion beginning in the first fiscal year after transaction closes\*

**3** Strengthens global platform of higher-margin manufacturer services to support innovation, further positioning AmerisourceBergen as partner of choice







**2** Extends core wholesale, distribution, and related solutions capabilities into markets across the United Kingdom, Europe and Northern Africa

**4** Extends and expands existing U.S. WBA partnership through 2029, and creates incremental growth and efficiency in sourcing, logistics and distribution

\*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 exhibit 99.1 to the Company's most recent Current Report on Form 8-K furnished under Item 7.01 for more information.



# Extends core distribution expertise with established leader

	Overview	Highlights
	<p><b>One of the largest pharmaceutical wholesalers in Europe;</b> primarily under the Alliance brand; <b>top 3 market share</b> in majority of countries with operations</p>	<ul style="list-style-type: none"> <li>• <b>Leading</b> European wholesaler</li> <li>• Supplies to <b>115K+</b> pharmacies, doctors, health centers</li> </ul>
<p>Manufacturer services</p>	 <p><b>Leading pharma logistics company</b> delivering specialist supply chain services for manufacturers across healthcare industry</p>	<ul style="list-style-type: none"> <li>• <b>#1</b> European presence</li> </ul>
	 <p>Partners with healthcare companies and professionals to <b>provide innovative personalized solutions to help improve patient care</b></p>	<ul style="list-style-type: none"> <li>• Operates in UK, France, Spain, The Netherlands and Romania</li> </ul>
	 <p>Provides clients with <b>professional set of brand service capabilities</b> combining pharmacy channel expertise and commercial experience</p>	<ul style="list-style-type: none"> <li>• Unique access across <b>6 countries</b></li> </ul>
<p>Products</p>	 <p>Alliance's own range of <b>high quality generic medicines</b></p>	<ul style="list-style-type: none"> <li>• <b>#1</b> UK generic brand (400 SKUs GRx, OTC products)</li> </ul>
	 <p>Alliance's <b>own brand of patient and personal care products</b></p>	<ul style="list-style-type: none"> <li>• <b>600+ products</b></li> <li>• Significant <b>penetration upside</b></li> <li>• Gross margins of <b>30–40%</b></li> </ul>
<p>Retail</p>	 <p><b>Leading network of independent pharmacies;</b> offers value-added services to independent pharmacies and manufacturers</p>	<ul style="list-style-type: none"> <li>• <b>6,970 members across 10 countries</b></li> </ul>



# Strengthens AmerisourceBergen's position as partner of choice

Enhances ability to provide greater breadth of product offerings and services to customers

Leading global manufacturer services platform




Strong private-label brands

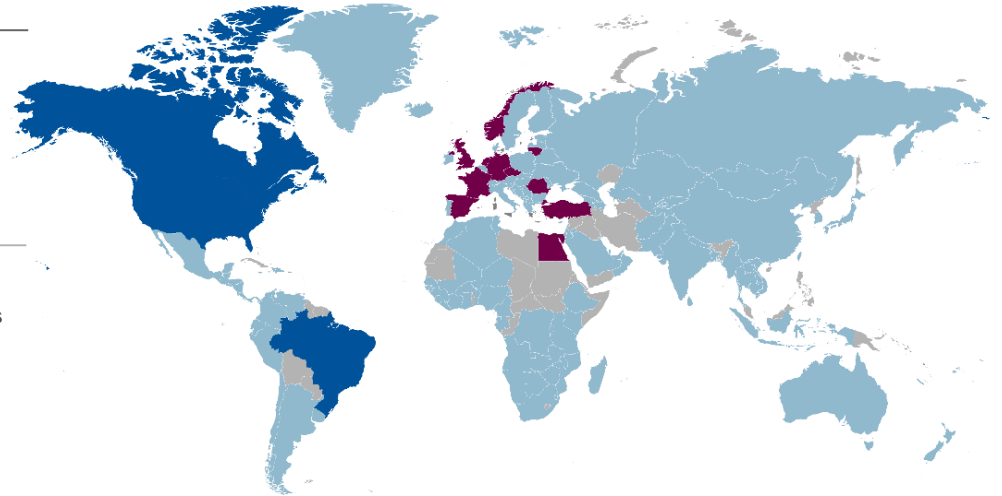
Respected network of independent pharmacies



# Enhances AmerisourceBergen's position as market leader

## Market Position

	<p>#1 distributor and integrated solutions provider for specialty pharmaceuticals</p> <p>#1 distributor of animal health products</p>	<p>Wholesale and Specialty Distribution in <b>US, Canada and Brazil</b></p> <p>Clinical trial logistics in <b>50+ countries</b></p>
	<p>#1 UK wholesale</p> <p>#3 France wholesale</p> <p>#2 Turkey wholesale</p> <p>#1 Egypt wholesale</p>	<p>Wholesale &amp; pre-wholesale in <b>13 countries</b></p> <p>Range of manufacturer services across markets</p> <p>Private label generic brands, patient care products</p>
 <p><b>Pro Forma</b></p>	<p>Extending our pharmaceutical distribution footprint and enhancing our global platform of manufacturer services to support pharmaceutical innovation</p>	<p>Global leader in pharmaceutical distribution and services</p>



 ABC Pharmaceutical Distribution and Solutions

 ABC World Courier Alliance

 ABC World Courier



# Agreement summary

## Highlights

- **Acquisition of majority of Alliance Healthcare (WBA's European / ex-US pharmaceutical distribution business)**
- **Extends and expands U.S. distribution agreement between ABC and WBA for three additional years through 2029**

## Financial Impact

- Approximately \$6.5 billion transaction to be paid with \$6.275 billion in cash, subject to a customary working capital and net-debt adjustment, and 2 million shares of AmerisourceBergen stock
- Acquisition is expected to generate high-teens % adjusted EPS accretion in first year post close\*
- Synergies from acquisition of Alliance Healthcare to ramp to an annual run-rate of \$75 million in the fourth year
- Adjusted EPS accretion accelerates as synergy value from acquisition is captured and as expanded U.S. distribution relationship financial benefits ramp
- Adjusted free cash flow to increase to 125% of AmerisourceBergen's stand-alone estimates\*
- Positive contribution to cash generation will support debt reduction in the years following transaction close
- Expect to maintain strong investment grade credit rating

## Timing and Closing

- Expect to close transaction by fiscal year-end (September 2021)
- Subject to customary closing conditions and regulatory approvals

## Management

- Expect to retain key employees, including leadership team of Alliance Healthcare

\*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 exhibit 99.1 to the Company's most recent Current Report on Form 8-K furnished under Item 7.01 for more information.

# Expands strategic and operational partnership with WBA



Joint AmerisourceBergen and Walgreens teams have identified opportunities for growth and efficiency through expansion of sourcing, logistics and distribution collaboration



Synergies expected to ramp over three years to an annual run-rate in the fourth year of \$150 million, split equally between the two companies



Initiatives support Walgreens pharmacy and create differentiated value for all AmerisourceBergen's customers



# Advances AmerisourceBergen's role as a key pillar of pharmaceutical innovation and access

United in our responsibility to create healthier futures

## Strategic Highlights

- **Enhances** scale and margin profile
- **Extends** core wholesale, distribution, and related solutions capabilities into markets across the United Kingdom, Europe and Northern Africa
- **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

- Acquisition expected to generate **high-teens % adjusted EPS accretion** in first fiscal year post close\*
- **Adjusted EPS accretion expected to accelerate** in subsequent years as synergy value captured from acquisition and as expanded U.S. distribution relationship financial benefits ramp
- **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** transaction close
- Expected to **maintain strong investment grade credit rating**

## Financial Impacts

\*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 exhibit 99.1 to the Company's most recent Current Report on Form 8-K furnished under Item 7.01 for more information.



AmerisourceBergen®

Where knowledge,  
reach and partnership  
shape healthcare delivery.