# AmerisourceBergen

## J.P. Morgan Healthcare Conference

Steve Collis, Chairman, President & CEO

January 7, 2019

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# 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 change in circumstances. These statements are not guarantees of future performance and are based on assumptions 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 pharmaceutical market growth rates; 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; federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; increased public concern over the abuse of opioid medications; prosecution or suit by federal, state and other governmental entities of alleged violations of laws and regulations regarding controlled substances, 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; 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; 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 the production, labeling or packaging of products compounded by our compounded sterile preparations (CSP) business; suspension of production of CSPs, including continued suspension at our Memphis facility; managing foreign expansion, including non-compliance with the U.S. Foreign Corrupt Practices Act, anti-bribery laws and economic sanctions and import laws and regulations; financial market volatility and disruption; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; the loss, bankruptcy or insolvency of a major supplier; 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 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, including the integration of H. D. Smith and PharMEDium, or the inability to capture all of the anticipated synergies related thereto or to capture the anticipated synergies within the expected time period; the effects of disruption from the transactions on the respective businesses of the Company and H. D. Smith and the fact that the transactions may make it more difficult to establish or maintain relationships with employees, suppliers, customers and other business partners; 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, 2018 and elsewhere in that report and (ii) in other reports filed by the Company pursuant to the Securities Exchange Act.

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

Global pharmaceutical sourcing and distribution services company

**Annual Revenues**

**$160B+**

**Associates**

**21,000**

**Global Offices**

**150+**

**Countries**

**50+**

**#1**

**Distributor of specialty pharmaceuticals**

**#1**

**Distributor of animal health products**

**50,000+**

**Daily deliveries to healthcare facilities**

**3MM+**

**Products shipped each day**



AmerisourceBergen®

# Our strategy

## Our Purpose

**We are united in our responsibility to create healthier futures.**

## Our Areas of Focus

**Pharmaceutical-centered**

- **Specialty Medicines**
- **Community Providers**
- **Customer Partnerships**
- **Cash Flow Generation**

## How We Drive Growth

- Drive Performance
- Leverage Scale
- Build on Advantage
- Enhance Access



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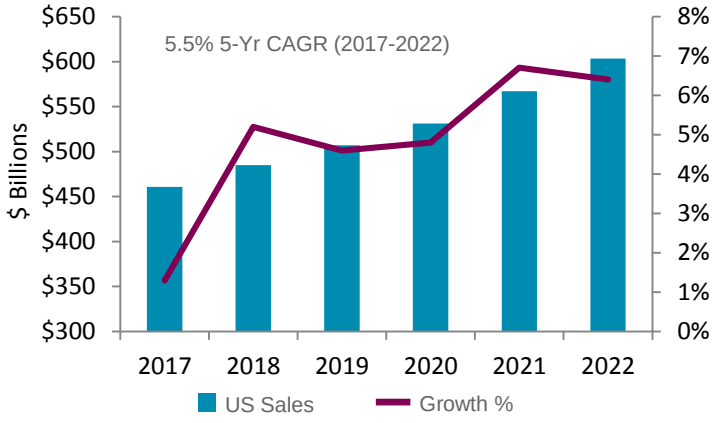
# Strong US pharmaceutical market

Drug spend and adherence improve patient outcomes and mitigate overall healthcare spend

## Growth Drivers

- Demographics
- New drug launches
- Strengthening economy
- Focus on value and outcomes

## U.S. Market




Aging population | Innovative brand, specialty and biosimilar launches | Increased utilization of pharmaceuticals

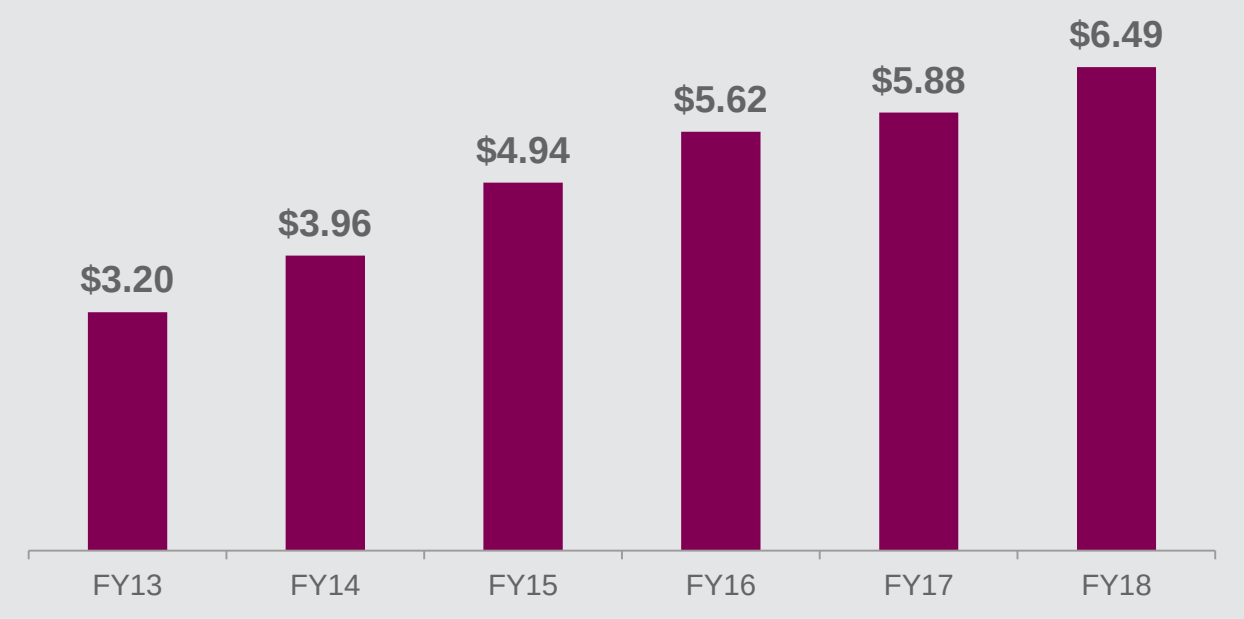
Note: All data is from IQVIA Market Prognosis 2018-2022 North America-United States published September 2018



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# Adjusted diluted EPS[1]

Legacy of successful execution, strategic financial stewardship and shareholder value creation




**10%**
3 YEAR CAGR

**15%**
5 YEAR CAGR

**16%**
10 YEAR CAGR[2]

[1]See tables at end of presentation for GAAP to non-GAAP reconciliation of Adjusted Diluted EPS

[2]10 Year CAGR is calculated using FY2008 GAAP diluted EPS



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# Well positioned to seize opportunities

## AmerisourceBergen

### Pharmaceutical Distribution & Strategic Global Sourcing

Pharmaceutical Manufacturers | Specialty Practices | Community & Specialty Pharmacies | Health Systems

- Market leader in specialty pharmaceuticals with an extensive footprint in physician-administered products
- Deep relationships with key anchor customers
- Competitively sourcing generic pharmaceuticals
- Well positioned for biosimilar opportunity

### Global Commercialization Services & Animal Health

MWI Animal Health | Consulting | World Courier

- Essential partner through all phases of pharmaceutical commercialization:
  - Global specialty logistics, health economics and patient access and adherence support
- Animal health leader with strong demand creation capabilities in companion and production segments



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# Recent highlights

Growth, execution, innovation and investments

1. Successfully **completed on-boarding all of the 1,932 Rite Aid retail pharmacies** acquired by Walgreens
2. Recent customer contract **renewals reflect a stable customer base**
3. **Good Neighbor Pharmacy®** ranked #1 by *Newsweek* for **"Best Customer Service"** and **ranked "Highest in Customer Satisfaction"** by *J.D. Powers* in 2018
4. Ranked among **the world's top 100 most innovative companies** in 2018 list compiled by *Forbes*



AmerisourceBergen®

# United in our responsibility to create healthier futures

## Corporate Social Responsibility

### Social



AmerisourceBergen Foundation
Diversity & Inclusion

### Environment



Sustainability
Energy & Waste Efficiency

### Governance



Corporate Citizenship:
Oversight & Reporting

Fostering a positive impact on the environment and society through the work we do, with the people who do it, and in the communities we serve

To learn more: https://www.amerisourcebergen.com/abcnew/about-corporate-citizenship



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# 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 Financial Stewardship

- *Strong Free Cash Flow*
- *Strategic capital allocation*
- *Proven track record of value creation*





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# Appendix




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# Adjusted Diluted EPS from Continuing Operations

## Fiscal Years Ended September 30, 2013 through September 30, 2018

| | FY 2018 | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 |
|---|---|---|---|---|---|---|
| GAAP EPS from Continuing Operations | $ 7.53 | $ 1.64 | $ 6.32 | $ (0.63) | $ 1.20 | $ 2.09 |
| Gain from Antitrust Litigation Settlements | (0.12) | - | (0.35) | (0.18) | (0.06) | (0.06) |
| Warrants [1] | - | 0.02 | (1.66) | 3.91 | 1.73 | 0.32 |
| Acquisition-related Intangibles Amortization | 0.56 | 0.45 | 0.39 | 0.15 | 0.06 | 0.06 |
| LIFO | 0.22 | (0.46) | 0.53 | 1.46 | 0.92 | 0.72 |
| Employee Severance, Litigation & Other | 0.28 | 4.23 | 0.27 | 0.10 | 0.02 | 0.06 |
| PharMEDium Remediation Costs | 0.22 | - | - | - | - | - |
| New York State Opiod Stewardship Act | 0.07 | - | - | - | - | - |
| Goodwill Impairment Charge | 0.10 | - | - | - | - | - |
| Loss on Consolidation of Equity Investment | 0.19 | - | - | - | - | - |
| Impairment of Non-Customer Note Receivable | 0.14 | - | - | - | - | - |
| Tax Reform [2] | (2.78) | - | - | - | - | - |
| Pension Settlement | - | - | 0.13 | - | - | - |
| Impairment Charge on Equity Investment | - | - | - | 0.13 | - | - |
| Loss on Early Retirement of Debt | 0.08 | - | - | - | 0.09 | - |
| Rounding | - | - | (0.01) | - | - | 0.01 |
| **Adjusted EPS from Continuing Operations** | **$ 6.49** | **$ 5.88** | **$ 5.62** | **$ 4.94** | **$ 3.96** | **$ 3.20** |

[1] For the reconciling items and the non-GAAP presentation, diluted earnings per share from continuing operations and diluted shares outstanding have been adjusted to exclude the impact from the Warrants and the shares repurchased under special share repurchase programs. In connection with the special share repurchase program, the Company issued $600 million of 1.15% senior notes that were repaid in May 2017. The interest expense incurred relating to this borrowing has been excluded from the non-GAAP presentation.

[2] Includes the impact of applying a lower U.S. federal income tax rate to the Company's net deferred tax liabilities as of December 31, 2017, offset in part by a one-time transition tax on historical foreign earnings and profits through December 31, 2017.

**Note:** Management considers GAAP financial measures as well as the presented non-GAAP financial measures in evaluating the Company's operating performance. Therefore, the Company believes that the presentation of non-GAAP financial measures provides useful supplementary information to, and facilitates additional analysis by, investors.



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Where knowledge,
reach and partnership
shape healthcare delivery.