Q4 & Full Year FY2017 Financial Results

November 2, 2017



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," "will," "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; substantial defaults in payment, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; changes to the customer or supplier mix; 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; the disruption of the Company's cash flow and ability to return value to its stockholders in accordance with its past practices; 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 sourcing arrangement; 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; federal and state government enforcement initiatives to detect and prevent suspicious orders of controlled substances and the diversion of controlled substances; 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, including the reserve recorded in connection with the proceedings with the United States Attorney's Office for the Eastern District of New York; material adverse resolution of pending legal proceedings; declining reimbursement rates for pharmaceuticals; 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; the acquisition of businesses that do not perform as expected, or that are difficult to integrate or control, including the integration of PharMEDium, or the inability to capture all of the anticipated synergies related thereto; regulatory action in connection with the production, labeling or packaging of products compounded by our compounded sterile preparations (CSP) business; declining economic conditions in the United States and abroad; financial market volatility and disruption; the loss, bankruptcy or insolvency of a major supplier; interest rate and foreign currency exchange rate fluctuations; 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; 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, resulting in a charge to earnings; 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, 2016 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 to www.amerisourcebergen.com under the "Investors" tab.

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AmerisourceBergen is creating healthier futures

- Shaping healthcare delivery through knowledge, reach and partnership
- Providing industry leading services and solutions that improve product access, increase supply chain efficiency and enhance patient care

Q4 and Full Year FY2017 Financial Results: Overview

- AmerisourceBergen continues to execute and deliver in a dynamic healthcare market
  - Continued year-over-year revenue and EPS growth
  - Generics volume growth – significantly increased compliance across provider customer base
  - Continued to lead the market in Specialty services and distribution
  - Delivered strong performance and growth across Consulting Services, MWI Animal Health and World Courier
- Strong operating expense control and management while strategically investing in the business
  - Opened Atlanta distribution center (DC); 5 of 7 planned new DCs now online
  - Lash Group launch of Fusion – innovative patient support technology ecosystem
  - Key IT implementations increase competitive advantage and enhance customer offerings – ABC Order, NOVA, Connect and MWI E-Commerce
- Corporate transformation underway – driving enhanced and seamless interactions with customers, optimized offerings and long-term growth

Q4 FY2017 Financial Results

	GAAP	Adjusted (Non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$39.1B 4.2%	$39.1B 4.2%
Gross Profit *% Change*	$1.2B 4.2%	$1.1B 4.4%
Operating Expenses *% Change*	$1.3B 39.7%	$626M 6.8%
Operating (Loss) Income *% Change*	$(85)M (137.8)%	$471M 1.5%
Interest Expense, Net *% Change*	$35M 0.7%	$35M 7.3%
Tax Rate	(142.4)%	32.5%
Diluted Shares Outstanding *% Change*	219M (3.7)%	221M (2.9)%
Diluted Earnings Per Share *% Change*	$(1.35) (310.9)%	$1.33 2.3%

[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.

Full Year FY2017 Financial Results

	GAAP	Adjusted (Non-GAAP)[1]
Revenue *% Change (Year-over-Year)*	$153.1B 4.3%	$153.1B 4.3%
Gross Profit *% Change*	$4.5B 6.4%	$4.4B 1.1%
Operating Expenses *% Change*	$3.4B 25.1%	$2.4B 2.7%
Operating Income *% Change*	$1.1B (27.2)%	$2.0B (0.7)%
Interest Expense, Net *% Change*	$145M 3.8%	$140M 6.5%
Tax Rate	57.2%	30.7%
Diluted Shares Outstanding *% Change*	222M (1.9)%	222M (3.2)%
Diluted Earnings Per Share *% Change*	$1.87 (70.4)%	$5.88 4.6%

[1] See tables at end of presentation for GAAP to non-GAAP reconciliations

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Q4 FY2017 Financial Results: Pharmaceutical Distribution Services Segment

	Q4 FY2017	Q4 FY2016
Revenue	**$37.7B**	**$36.3B**
Operating Income	**$399.7M**	**$398.0M**
Percentages of Revenue		
Gross Profit	**2.14%**	**2.16%**
Operating Expenses	**1.07%**	**1.06%**
Operating Income	**1.06%**	**1.10%**

- Large anchor customers continue to grow in line with expectations, generic volume growth continues
- Legacy Specialty (ABSG) revenue >10%
  - 15th consecutive quarter of 10% or greater revenue growth; driven by strong performance and increased volumes, especially in oncology and, to a lesser degree, in MS, ophthalmology and plasma
    - > Continue to see strong revenue growth in immuno-oncology

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Q4 FY2017 Financial Results:
Other Businesses – Global Commercialization Services & Animal Health

	Q4 FY2017	Q4 FY2016
Revenue	$1.5B	$1.3B
Operating Income	$71.7M	$66.3M
Percentages of Revenue		
Gross Profit	19.82%	20.19%
Operating Expenses	14.97%	15.17%
Operating Income	4.85%	5.02%

- Other includes World Courier, AmerisourceBergen Consulting and MWI
- Record-setting revenue growth for Other, up 12% over Q4 FY2016
- Strong growth trends across all three business units
  - ABCS: continued leadership and strong performance
  - MWI: another quarter of 10%+ revenue growth
  - World Courier: set another new record for number of shipments in the quarter

FY2018: How AmerisourceBergen Will Drive Value

Leverage Scale
- *Go-to-market strategy*
- *Integrated approach*
- *Seamless customer experience*



Enhance Access
- *Specialty leadership*
- *Grow customer share of wallet*
- *Deepen manufacturer relationships*
- *Build across human & animal health*



Drive Performance & Execute
- *Increased efficiency & effectiveness*
- *IT investments & innovation*
- *Culture & AmerisourceBergen team*



Expand Advantage
- *Invest in the business*
- *Strategic customer partnerships*
- *Strategic M&A*



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FY2018 Financial Guidance[1]

Expectations on an Adjusted (Non-GAAP) Basis	
Revenue Growth	7% to 9%
Diluted Earnings Per Share	$5.90 to $6.15
Operating Expense Growth	4% to 6%
Operating Income	3% to 5%
Effective Tax Rate	32% to 33%
Free Cash Flow	$1.25B to $1.5B
Capital Expenditures	~$325M
Working Assumptions	
Brand Drug Inflation	6% to 7%
Generic Drug Deflation	-7% to -9%
Contributions from New Generic Launches	Flat to FY2017
Biosimilars	No significant contribution

[1] The adjusted non-GAAP guidance for diluted earnings per share, operating expense growth, operating income, and effective tax rate exclude the same or similar items as excluded from the historical non-GAAP financial measures, as well as significant items that outside the control of the company or inherently unusual, non-operating, unpredictable, non-recurring or non-cash in nature. For fiscal year 2018, we have defined the non-GAAP financial measure of free cash flow as net cash provided by operating activities, excluding other significant unpredictable or non-recurring cash payments or receipts relating to legal settlements, minus capital expenditures. The Company does not provide forward-looking guidance on a GAAP basis as certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. 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.

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, 2017							
	Gross Profit	Operating Expenses	Operating (Loss) Income	Interest Expense, Net	(Loss) Income Before Income Taxes	Income Tax Expense	Net (Loss) Income	Diluted Earnings Per Share
GAAP	$1,172,020	$1,257,022	$(85,002)	$35,311	$(121,541)	$173,046	$(294,587)	$(1.35)
Warrants expense [1]	-	-	-	-	-	132	(132)	-
Gain from antitrust litigation settlements	-	-	-	-	-	(35)	35	-
LIFO credit	(74,863)	-	(74,863)	-	(74,863)	(28,926)	(45,937)	(0.21)
Acquisition-related intangibles amortization	-	(39,144)	39,144	-	39,237	16,984	22,253	0.10
Employee severance, litigation, and other [2]	-	(591,810)	591,810	-	591,810	(19,942)	611,752	2.78
Adjusted Non-GAAP	$1,097,157	$626,068	$471,089	$35,311	$434,643	$141,259	$293,384	$1.33 [3]
Adjusted Non-GAAP % changes vs. prior year quarter	4.4%	6.8%	1.5%	7.3%	0.3%	3.9%	-1.3%	2.3%

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	3.00%	2.80%
Operating expenses	3.21%	1.60%
Operating (loss) income	-0.22%	1.20%

[1] In connection with the fiscal 2014 special $650 million share repurchase program, which was established to mitigate the dilutive effect of the Warrants, 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 a $575.0 million litigation accrual with no corresponding income tax benefit.

[3] 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 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)

	Three Months Ended September 30, 2016							
	Gross Profit	Operating Expenses	Operating Income	Interest Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings Per Share
GAAP	$1,124,535	$899,734	$224,801	$35,052	$191,573	$45,888	$145,685	$0.64
Warrants expense [1]	-	(260,617)	260,617	(2,154)	262,771	96,662	166,109	0.73
Gain from antitrust litigation settlements	-	-	-	-	-	(616)	616	-
LIFO credit	(74,075)	-	(74,075)	-	(74,075)	(28,091)	(45,984)	(0.20)
Acquisition-related intangibles amortization	-	(38,651)	38,651	-	38,713	15,843	22,870	0.10
Employee severance, litigation, and other	-	(14,192)	14,192	-	14,192	6,033	8,159	0.04
Pension settlement	-	-	-	-	-	220	(220)	-
Adjusted Non-GAAP	$1,050,460	$586,274	$464,186	$32,898	$433,174	$135,939	$297,235	$1.30 [2]

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.99%	2.80%
Operating expenses	2.40%	1.56%
Operating income	0.60%	1.24%

[1] In connection with the fiscal 2014 special $650 million share repurchase program, which was established to mitigate the dilutive effect of the Warrants, 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] 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 Company’s most recent Current Report on Form 8-K furnished under Item 2.02.

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

	Fiscal Year Ended September 30, 2017							
	Gross Profit	Operating Expenses	Operating Income	Interest Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings Per Share
GAAP	$4,546,002	$3,435,660	$1,110,342	$145,185	$967,887	$553,403	$414,484	$1.87
Warrants expense [1]	-	-	-	(5,358)	5,358	1,924	3,434	0.02
Gain from antitrust litigation settlements	(1,395)	-	(1,395)	-	(1,395)	(501)	(894)	-
LIFO credit	(157,782)	-	(157,782)	-	(157,782)	(56,661)	(101,121)	(0.46)
Acquisition-related intangibles amortization	-	(156,378)	156,378	-	156,752	56,291	100,461	0.45
Employee severance, litigation, and other [2]	-	(909,327)	909,327	-	909,327	21,934	887,393	4.00
Adjusted Non-GAAP	$4,386,825	$2,369,955	$2,016,870	$139,827	$1,880,147	$576,390	$1,303,757	$5.88
Adjusted Non-GAAP % changes vs. prior year	1.1%	2.7%	-0.7%	6.5%	-1.3%	-6.8%	1.4%	4.6%

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.97%	2.86%
Operating expenses	2.24%	1.55%
Operating income	0.73%	1.32%

[1] In connection with the fiscal 2014 special $650 million share repurchase program, which was established to mitigate the dilutive effect of the Warrants, 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 $864.4 million for litigation settlements and accruals with no corresponding income tax benefit.

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

	Fiscal Year Ended September 30, 2016							
	Gross Profit	Operating Expenses	Operating Income	Interest Expense, Net	Income Before Income Taxes	Income Tax (Benefit) Expense	Net Income	Diluted Earnings Per Share
GAAP	$4,272,606	$2,746,832	$1,525,774	$139,912	$1,390,910	($37,019)	$1,427,929	$6.32
Warrants expense [1]	-	(140,342)	140,342	(8,618)	148,960	510,935	(361,975)	(1.66)
Gain from antitrust litigation settlements	(133,758)	-	(133,758)	-	(133,758)	(53,005)	(80,753)	(0.35)
LIFO expense	200,230	-	200,230	-	200,230	79,347	120,883	0.53
Acquisition-related intangibles amortization	-	(147,262)	147,262	-	147,514	58,457	89,057	0.39
Employee severance, litigation, and other	-	(102,911)	102,911	-	102,911	40,781	62,130	0.27
Pension settlement	-	(47,607)	47,607	-	47,607	18,866	28,741	0.13
Adjusted Non-GAAP	$4,339,078	$2,308,710	$2,030,368	$131,294	$1,904,374	$618,362	$1,286,012	$5.62 [2]

Percentages of Revenue:	GAAP	Adjusted Non-GAAP
Gross profit	2.91%	2.95%
Operating expenses	1.87%	1.57%
Operating income	1.04%	1.38%

[1] The Company received a private letter ruling from the Internal Revenue Service in November 2015, which entitled it to an income tax deduction equal to the fair value of the Warrants on the date of exercise. As a result, the Company recognized a tax benefit adjustment of approximately $456 million, which represented the estimated tax deduction for the increase in the fair value of the Warrants from the issuance date through September 30, 2015. In connection with the fiscal 2014 special $650 million 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] 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 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,	
	2017	2016	2017	2016
Basic shares outstanding	218,501	219,087	218,375	212,206
Stock option, restricted stock, and restricted stock unit dilution	-	3,029	3,227	3,338
Warrants dilution	-	4,737	-	10,415
GAAP diluted shares outstanding	218,501	226,853	221,602	225,959
Stock option, restricted stock, and restricted stock unit dilution [(1)]	2,822	-	-	-
Warrants dilution [(2)]	-	(4,737)	-	(10,415)
Shares repurchased under special share repurchase programs, net [(2)]	-	5,707	-	13,357
Non-GAAP diluted shares outstanding	221,323	227,823	221,602	228,901

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

[(2)] For the prior year non-GAAP presentation, diluted weighted average common shares outstanding have been adjusted to exclude the dilutive impact of the Warrants prior to their exercise and the shares repurchased under special share repurchase programs, net of the weighted average number of shares issued related to the March 2016 and August 2016 Warrants.

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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