

Q1 FY2019

Financial Results

January 31, 2019



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, including a consent decree, 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.



*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.

Q1 FY2019 Financial Results: Overview

AmerisourceBergen
delivered solid results

- Strong results from our core Pharmaceutical Distribution businesses helped offset the significant headwind caused by PharMEDium
- Share repurchases and tax reform helped drive EPS growth

Strength in core
Pharmaceutical
Distribution businesses

- Double-digit revenue growth
- Deepened relationships and continued customer growth
- Specialty distribution business continued to deliver excellent performance

PharMEDium
update

- Actively working to resolve challenges and reach resolution with regulators
- Fiscal 2019 guidance updated to reflect the assumption that its Memphis facility will not reopen in this fiscal year

Q1 FY2019 Financial Results

	GAAP	Adjusted (non-GAAP) ¹
Revenue <i>% Change (Year-over-Year)</i>	\$45.4B 12.2%	\$45.4B 12.2%
Gross Profit <i>% Change</i>	\$1.3B 16.6%	\$1.2B 8.1%
Operating Expenses <i>% Change</i>	\$820M 18.2%	\$731M 17.1%
Operating Income <i>% Change</i>	\$478M 14.0%	\$472M (3.3)%
Interest Expense, Net <i>% Change</i>	\$42M 17.6%	\$42M 17.6%
Effective Tax Rate	9.4%	19.9%
Diluted Earnings Per Share <i>% Change</i>	\$1.84 (52.8)%	\$1.60 3.2%
Diluted Shares Outstanding <i>% Change</i>	214M (3.1)%	214M (3.1)%

¹See 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.

Q1 FY2019 Financial Results: Pharmaceutical Distribution Services Segment

	Q1 FY2019	Q1 FY2018
Revenue	\$43.7B	\$38.9B
Operating Income	\$373.2M	\$388.2M
<i>Percentages of Revenue</i>		
Gross Profit	2.01%	2.04%
Operating Expenses	1.16%	1.04%
Operating Income	0.85%	1.00%

- Continued growth of several of our largest customers
- Strong Specialty distribution revenue growth
- PharMEDium headwind partially offset by strong performance by core Pharmaceutical Distribution businesses

Q1 FY2019 Financial Results: Other Businesses – Global Commercialization Services & Animal Health

	Q1 FY2019	Q1 FY2018
Revenue	\$1.7B	\$1.5B
Operating Income	\$98.9M	\$100.3M
<i>Percentages of Revenue</i>		
Gross Profit	19.45%	20.75%
Operating Expenses	13.53%	14.26%
Operating Income	5.92%	6.49%

- Other includes World Courier, AmerisourceBergen Consulting Services and MWI
- Revenue growth led by the January 2018 consolidation of the specialty joint venture in Brazil and World Courier
- Operating income decrease primarily driven by declines at MWI and Lash, partially offset by increased contribution from World Courier and ABCS's Canadian operations

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*



FY19 Financial Guidance

<i>Expectations on an <u>Adjusted (non-GAAP)</u> Basis^{(1),(2)}</i>	
Revenue	Mid-single digit percent growth
Diluted Earnings Per Share	\$6.65 to \$6.85
Operating Expense	Mid-single digit percent growth
Operating Income	<i>Low-single digit percent growth</i>
Pharmaceutical Distribution Services Operating Income	<i>Low-single digit percent growth</i>
Global Commercialization Services & Animal Health Operating Income	High-single digit percent growth
Effective Tax Rate	21% to 22%
Diluted weighted shares outstanding	~215M
Free Cash Flow	\$1.4B to \$1.6B
Capital Expenditures	~\$300M

(1) ***Bold, italicized numbers indicate updates to FY2019 financial guidance***

(2) FY2019 financial guidance includes consolidation of Brazil

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.

Appendix

Appendix

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

Three Months Ended December 31, 2018

	Gross Profit	Operating Expenses	Operating Income	Income Before Income Taxes	Income Tax Expense	Net Loss Attributable to Noncontrolling Interest	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	\$ 1,297,580	\$ 819,757	\$ 477,823	\$ 432,556	\$ 40,803	\$ 1,899	\$ 393,652	\$ 1.84
Gain from antitrust litigation settlements	(87,279)	—	(87,279)	(87,279)	(18,470)	—	(68,809)	(0.32)
LIFO credit	(3,029)	—	(3,029)	(3,029)	(641)	—	(2,388)	(0.01)
PharMEDium remediation costs	17,911	(2,584)	20,495	20,495	4,337	—	16,158	0.08
New York State Opioid Stewardship Act	(22,000)	—	(22,000)	(22,000)	(4,656)	—	(17,344)	(0.08)
Acquisition-related intangibles amortization	—	(45,152)	45,152	45,152	9,555	(506)	35,091	0.16
Employee severance, litigation, and other	—	(40,672)	40,672	40,672	16,980	—	23,692	0.11
Tax reform ¹	—	—	—	—	36,997	—	(36,997)	(0.17)
Adjusted Non-GAAP	<u>\$ 1,203,183</u>	<u>\$ 731,349</u>	<u>\$ 471,834</u>	<u>\$ 426,567</u>	<u>\$ 84,905</u>	<u>\$ 1,393</u>	<u>\$ 343,055</u>	<u>\$ 1.60</u> ²
Adjusted Non-GAAP % change vs. prior year period	8.1%	17.1%	(3.3)%	(5.6)%	(22.5)%		0.2%	3.2%

¹ Amount represents the final measurement period adjustment to the one-time transition tax on historical foreign earnings and profits through December 31, 2017.

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)

	Three Months Ended December 31, 2017							
	Gross Profit	Operating Expenses	Operating Income	Loss on Early Retirement of Debt	Income Before Income Taxes	Income Tax (Benefit) Expense	Net Income Attributable to ABC	Diluted Earnings Per Share
GAAP	\$ 1,112,652	\$ 693,679	\$ 418,973	\$ 23,766	\$ 359,019	\$ (502,834)	\$ 861,853	\$ 3.90
Acquisition-related intangibles amortization	—	(39,056)	39,056	—	39,151	10,435	28,716	0.13
Employee severance, litigation, and other	—	(30,021)	30,021	—	30,021	8,001	22,020	0.10
Loss on early retirement of debt	—	—	—	(23,766)	23,766	6,334	17,432	0.08
Tax Reform ¹	—	—	—	—	—	587,595	(587,595)	(2.66)
Adjusted Non-GAAP	<u>\$ 1,112,652</u>	<u>\$ 624,602</u>	<u>\$ 488,050</u>	<u>\$ —</u>	<u>\$ 451,957</u>	<u>\$ 109,531</u>	<u>\$ 342,426</u>	<u>\$ 1.55</u>

¹ Represents 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: 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.



AmerisourceBergen®

Where knowledge,
reach and partnership
shape healthcare delivery.