

Q3 FY2017 Financial Results

August 3, 2017



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 litigation reserves recorded in connection with agreements in principle reached with the USAO-EDNY and the USAO-SDNY; material adverse resolution of pending legal proceedings; declining reimbursement rates for pharmaceuticals; 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; 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; 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.



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

Highly Differentiated & Strongly 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*



Q3 FY2017 Financial Results: Overview

- AmerisourceBergen continues to execute in a dynamic healthcare market
 - Continued to lead the market in specialty services and distribution
 - Delivered strong growth across Consulting Services, MWI Animal Health and World Courier
 - Corporate reorganization underway to work even more seamlessly with customers, optimize offerings and drive long-term growth
 - Adjusted tax rate lower than expected due to high number of stock option exercises in the quarter and certain discrete items including \$10 million related to prior fiscal years
- Full roll out and implementation of innovative ABC Order platform
 - Ordering system designed by pharmacists for pharmacists
 - Completely changes ordering process and management for independent pharmacies
- Continued Operating Expense control and management while strategically investing in the business
 - Opened Seattle distribution center (DC); 4 of 7 planned new DCs now online
- Continue to expect 7% to 9% brand inflation and -7% to -9% generic deflation for FY2017

Q3 FY2017 Financial Results

	GAAP	Adjusted (Non-GAAP) ¹
Revenue <i>% Change (Year over Year)</i>	\$38.7B 4.9%	\$38.7B 4.9%
Gross Profit <i>% Change</i>	\$1.1B (2.5)%	\$1.1B (1.1)%
Operating Expenses <i>% Change</i>	\$909M 57.0%	\$584M 2.1%
Operating Income <i>% Change</i>	\$170M (67.8)%	\$471M (4.9)%
Interest Expense, Net <i>% Change</i>	\$36M 1.3%	\$35M 4.7%
Tax Rate	62.2%	27.0%
Diluted Shares Outstanding <i>% Change</i>	222M (1.3)%	222M (2.9)%
Diluted Earnings Per Share <i>% Change</i>	\$0.23 (85.2)%	\$1.43 4.4%

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.

Q3 FY2017 Financial Results: Pharmaceutical Distribution Services Segment

	Q3 FY2017	Q3 FY2016
Revenue	\$37.0B	\$35.4B
Operating Income	\$377M	\$413M
<i>Percentages of Revenue</i>		
Gross Profit	2.05%	2.25%
Operating Expenses	1.03%	1.08%
Operating Income	1.02%	1.17%

- Large anchor customers continue to grow in line with expectations, generic volume growth continues
- Specialty revenue +10%
 - 14th consecutive quarter of 10% or greater revenue growth; driven by strong oncology performance
- Independent pharmacy customer group showed strong growth of nearly 7%

Q3 FY2017 Financial Results: Other Businesses – Global Commercialization Services and Animal Health

	Q3 FY2017	Q3 FY2016
Revenue	\$1.7B	\$1.6B
Operating Income	\$95M	\$83M
<i>Percentages of Revenue</i>		
Gross Profit	16.98%	17.31%
Operating Expenses	11.55%	12.07%
Operating Income	5.43%	5.23%

- Other includes World Courier, AmerisourceBergen Consulting and MWI
- Record-setting revenue growth for Other, up 11% over Q3 FY2016
- Strong growth trends across all three business units
 - ABCS: continued leadership and excellent quarterly results from Lash and Xcenda consulting businesses
 - MWI: >10% revenue growth; record number of lines shipped in the quarter
 - World Courier: record number of shipments in the quarter

FY2017 Financial Guidance¹

<i>Expectations on an Adjusted (Non-GAAP) Basis</i>	
Revenue Growth	~5%
Adjusted Diluted Earnings Per Share	\$5.82 to \$5.92
Adjusted Operating Expense Growth	2% to 3%
Adjusted Operating Income	~Flat
Adjusted Effective Tax Rate	~31%
Free Cash Flow	\$750M to \$1B
Capital Expenditures	~\$500M
<u><i>Working Assumptions</i></u>	
Brand Drug Inflation	7% to 9%
Generic Drug Deflation	-7% to -9%
Contributions from New Generic Launches	Flat to FY2016
Biosimilars	No significant contribution

Note: Bold, italicized numbers indicate updates to FY2017 financial guidance

¹ 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

Appendix

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

	Three Months Ended June 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	\$ 1,079,875	\$ 909,499	\$ 170,376	\$ 35,603	\$ 133,375	\$ 83,023	\$ 50,352	\$ 0.23
Warrants expense ¹	—	—	—	(1,049)	1,049	184	865	—
Gain from antitrust litigation settlements	—	—	—	—	—	55	(55)	—
LIFO credit	(24,723)	—	(24,723)	—	(24,723)	(6,009)	(18,714)	(0.08)
Acquisition-related intangibles amortization	—	(40,946)	40,946	—	41,041	10,758	30,283	0.14
Employee severance, litigation, and other ²	—	(284,517)	284,517	—	284,517	29,556	254,961	1.15
Adjusted Non-GAAP	<u>\$ 1,055,152</u>	<u>\$ 584,036</u>	<u>\$ 471,116</u>	<u>\$ 34,554</u>	<u>\$ 435,259</u>	<u>\$ 117,567</u>	<u>\$ 317,692</u>	<u>\$ 1.43</u> ³
Adjusted Non-GAAP % changes vs. prior year quarter	(1.1)%	2.1%	(4.9)%	4.7%	(6.3)%	(22.8)%	1.8%	4.4%
Percentages of Revenue:		GAAP	Adjusted Non-GAAP					
Gross profit		2.79%	2.73%					
Operating expenses		2.35%	1.51%					
Operating income		0.44%	1.22%					

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 \$273.4 million for litigation settlements 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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GAAP TO NON-GAAP RECONCILIATIONS
(in thousands, except per share data)
(unaudited)

Three Months Ended June 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	\$ 1,107,863	\$ 579,236	\$ 528,627	\$ 35,153	\$ 495,632	\$ 146,477	\$ 349,155	\$ 1.55
Warrants income ¹	—	83,704	(83,704)	(2,155)	(81,549)	(29,709)	(51,840)	(0.25)
Gain from antitrust litigation settlements	(120,960)	—	(120,960)	—	(120,960)	(47,979)	(72,981)	(0.32)
LIFO expense	80,364	—	80,364	—	80,364	40,618	39,746	0.17
Acquisition-related intangibles amortization	—	(38,681)	38,681	—	38,767	18,484	20,283	0.09
Employee severance, litigation, and other	—	(52,234)	52,234	—	52,234	22,177	30,057	0.13
Pension settlement	—	—	—	—	—	2,243	(2,243)	(0.01)
Adjusted Non-GAAP	<u>\$ 1,067,267</u>	<u>\$ 572,025</u>	<u>\$ 495,242</u>	<u>\$ 32,998</u>	<u>\$ 464,488</u>	<u>\$ 152,311</u>	<u>\$ 312,177</u>	<u>\$ 1.37²</u>
Percentages of Revenue:	GAAP	Adjusted Non-GAAP						
Gross profit	3.00%	2.89%						
Operating expenses	1.57%	1.55%						
Operating income	1.43%	1.34%						

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.

Appendix

AMERISOURCEBERGEN CORPORATION
 RECONCILIATION OF DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (GAAP TO NON-
 GAAP)
 (In thousands)
 (unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Basic shares outstanding	218,676	215,688	218,336	209,898
Stock option, restricted stock, and restricted stock unit dilution	3,197	3,042	3,362	3,440
Warrants dilution	—	6,072	—	12,308
GAAP diluted shares outstanding	<u>221,873</u>	<u>224,802</u>	<u>221,698</u>	<u>225,646</u>
Warrants dilution ¹	—	(6,072)	—	(12,308)
Shares repurchased under special share repurchase programs, net of shares reissued ¹	—	9,849	—	15,926
Non-GAAP diluted shares outstanding	<u>221,873</u>	<u>228,579</u>	<u>221,698</u>	<u>229,264</u>

¹ For the non-GAAP presentation, diluted weighted average common shares outstanding for the three and nine months ended June 30, 2016 have been adjusted to exclude the impact of the unexercised Warrants and the net shares repurchased under special share repurchase programs, which were established to mitigate the dilutive effect of the 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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reach and partnership
shape healthcare delivery.