

Q2 FY2017 Financial Results

May 4, 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: competition; 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; unfavorable trends in brand and generic pharmaceutical pricing, including in rate or frequency of price inflation or deflation; 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 AmerisourceBergen'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 AmerisourceBergen, 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; federal and state prosecution of alleged violations of related laws and regulations, and any related litigation, including shareholder derivative lawsuits or other disputes relating to our distribution of controlled substances; increased federal scrutiny and qui tam litigation for alleged violations of fraud and abuse laws and regulations and/or any other laws and regulations governing the marketing, sale, purchase and/or dispensing of pharmaceutical products or services and any related litigation; 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 AmerisourceBergen's tax positions and/or AmerisourceBergen's tax liabilities or adverse resolution of challenges to AmerisourceBergen's tax positions; natural disasters or other unexpected events that affect AmerisourceBergen'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 AmerisourceBergen'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 or furnished by the Company pursuant to the Securities Exchange Act, including the most recent Current Report on Form 8-K under Item 2.02.

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*



Q2 FY2017 Financial Results: Overview

- Solid quarterly performance – AmerisourceBergen continues to demonstrate resilience and ability to execute in a challenging market
 - Continued leadership for ABSG: product volume and mix trends driving income growth
 - Excellent growth across businesses in Other: ABCS, MWI and World Courier
 - Tax rate ~2% lower than expected due to high number of stock option exercises in the quarter
- Strong anchor customer growth
 - Recent milestone: strategic relationship with Express Scripts extended through 2022
- Continued Operating Expense control and management while strategically investing in the business
- Continued innovation in services and solutions, smooth roll-outs and robust customer traction
- Continue to expect 7% to 9% brand inflation and -7% to -9% generic deflation for FY2017

Q2 FY2017 Financial Results

	GAAP	Adjusted (Non-GAAP) ¹
Revenue <i>% Change (Year over Year)</i>	\$37.1B 4.1%	\$37.1B 4.1%
Gross Profit <i>% Change</i>	\$1.3B 16.8%	\$1.2B 0.2%
Operating Expenses <i>% Change</i>	\$631M 405.8%	\$581M 1.4%
Operating Income <i>% Change</i>	\$625M (34.2%)	\$588M (1.0%)
Interest Expense, Net <i>% Change</i>	\$37M 3.7%	\$35M 3.9%
Tax Rate <i>% Change</i>	30.6% (350bps)	30.1% (120bps)
Diluted Shares Outstanding <i>% Change</i>	221M (1.9%)	221M (3.5%)
Diluted Earnings Per Share <i>% Change</i>	\$1.86 (30.6%)	\$1.77 5.4%

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

Q2 FY2017 Financial Results: Pharmaceutical Distribution Services Segment

	Q2 FY2017	Q2 FY2016
Revenue	\$35.5B	\$34.2B
Operating Income	\$482M	\$500M
<i>Percentages of Revenue</i>		
Gross Profit	2.45%	2.58%
Operating Expenses	1.09%	1.12%
Operating Income	1.36%	1.46%

- ABDC large anchor customers continue to grow in line with expectations, generic volume growth continues
- ABDC renewal of long-term contract with Express Scripts, Inc. completed in May
 - Strategic brand product agreement now runs through 2022
- ABSG revenue +11%
 - 13th consecutive quarter of 10% or greater revenue growth
 - Driven by overall strong performance, especially in oncology

Q2 FY2017 Financial Results: Other Businesses – ABCS, MWI and World Courier

	Q2 FY2017	Q2 FY2016
Revenue	\$1.7B	\$1.6B
Operating Income	\$106M	\$94M
<i>Percentages of Revenue</i>		
Gross Profit	17.75%	17.85%
Operating Expenses	11.49%	11.97%
Operating Income	6.26%	5.87%

- Excellent income growth trends across all three business units
- Continued strong leadership and operating income growth for ABCS
 - >5,000 employees supporting all Top 20 pharmaceutical manufacturers (more than 150 manufacturers in total)
 - Services span clinical logistics, product value analysis, commercialization support, reimbursement, patient adherence and compliance
- MWI and World Courier continue to deliver ahead of expectations
 - Another record revenue quarter for MWI

FY2017 Financial Guidance¹

<i>Expectations on an Adjusted (Non-GAAP) Basis</i>	
Revenue Growth	<i>5.5% to 6.5%</i>
Adjusted Diluted Earnings Per Share	<i>\$5.77 to \$5.92</i>
Adjusted Operating Expense Growth	<i>2% to 3%</i>
Adjusted Operating Income	<i>Flat to up 2%</i>
Adjusted Effective Tax Rate	<i>~32%</i>
Free Cash Flow	At or Slightly Above Adjusted Net Income
Capital Expenditures	~\$500M
<i><u>Working Assumptions</u></i>	
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. Please refer to the Company's most recent Current Report on Form 8-K furnished under Item 2.02 for additional information.

Appendix

Appendix

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

Three Months Ended March 31, 2017

	Gross Profit	Operating Expenses	Operating Income	Interest Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings Per Share
GAAP	\$1,256,427	\$631,446	\$624,981	\$37,299	\$592,915	\$181,442	\$411,473	\$1.86
Warrants expense ⁽¹⁾	-	-	-	(2,154)	2,154	787	1,367	0.01
Gain from antitrust litigation settlements	-	-	-	-	-	10	(10)	-
LIFO credit	(86,504)	-	(86,504)	-	(86,504)	(32,502)	(54,002)	(0.24)
Acquisition-related intangibles amortization	-	(38,059)	38,059	-	38,152	13,961	24,191	0.11
Employee severance, litigation, and other	-	(11,934)	11,934	-	11,934	4,300	7,634	0.03
Adjusted Non-GAAP	<u>\$1,169,923</u>	<u>\$581,453</u>	<u>\$588,470</u>	<u>\$35,145</u>	<u>\$558,651</u>	<u>\$167,998</u>	<u>\$390,653</u>	<u>\$1.77</u>
Adjusted Non-GAAP % changes vs. prior year quarter	0.2%	1.4%	-1.0%	3.9%	-0.4%	-4.4%	1.4%	5.4%
Percentages of Revenue:								
	GAAP	Adjusted Non-GAAP						
Gross profit	3.38%	3.15%						
Operating expenses	1.70%	1.57%						
Operating income	1.68%	1.58%						

⁽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 due in May 2017. The interest expense incurred relating to this borrowing has been excluded from the non-GAAP presentation.

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 March 31, 2016							
	Gross Profit	Operating Expenses	Operating Income	Interest Expense, Net	Income Before Income Taxes	Income Tax Expense	Net Income	Diluted Earnings Per Share
GAAP	\$1,075,331	\$124,849	\$950,482	\$35,966	\$915,272	\$311,822	\$603,450	\$2.68
Warrants income ⁽¹⁾	-	503,946	(503,946)	(2,154)	(501,792)	(185,207)	(316,585)	(1.43)
Gain from antitrust litigation settlements	(7)	-	(7)	-	(7)	111	(118)	-
LIFO expense	92,379	-	92,379	-	92,379	30,919	61,460	0.27
Acquisition-related intangibles amortization	-	(38,720)	38,720	-	38,796	13,088	25,708	0.11
Employee severance, litigation, and other	-	(17,617)	17,617	-	17,617	5,901	11,716	0.05
Pension settlement	-	1,124	(1,124)	-	(1,124)	(823)	(301)	-
Adjusted Non-GAAP	<u>\$1,167,703</u>	<u>\$573,582</u>	<u>\$594,121</u>	<u>\$33,812</u>	<u>\$561,141</u>	<u>\$175,811</u>	<u>\$385,330</u>	<u>\$1.68</u>
Percentages of Revenue:	GAAP	Adjusted Non-GAAP						
Gross profit	3.01%	3.27%						
Operating expenses	0.35%	1.61%						
Operating income	2.66%	1.66%						

⁽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 due in May 2017. The interest expense incurred relating to this borrowing has been excluded from the non-GAAP presentation.

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

	Three Months Ended March 31,	
	2017	2016
Basic shares outstanding	217,650	207,858
Stock option, restricted stock, and restricted stock unit dilution	3,571	3,421
Warrants dilution	-	14,171
GAAP diluted shares outstanding	221,221	225,450
Warrants dilution ⁽¹⁾	-	(14,171)
Shares repurchased under special share repurchase programs, net of shares reissued ⁽¹⁾	-	17,981
Non-GAAP diluted shares outstanding	221,221	229,260

⁽¹⁾ For the non-GAAP presentation, diluted weighted average common shares outstanding for the three and six months ended March 31, 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.



AmerisourceBergen®

Where knowledge,
reach and partnership
shape healthcare delivery.