

# AmerisourceBergen

## To our stockholders:

In fiscal 2020, AmerisourceBergen once again delivered strong performance, due in large part to our continued ability to innovate and execute, and the inherent resilience of our business. Throughout a year of challenges for communities across the globe, our 22,000 purpose-driven associates stepped up to address the unprecedented circumstances facing our industry. We have been able to meet stakeholder needs while enabling the continuity and stability of the supply chain. We have also demonstrated the vital nature of our role in the health system as an invisible pillar for pharmaceutical innovation and access. Driven by our purpose, AmerisourceBergen has put the needs of our associates, our customers, and our communities first, from providing safe ways to work, to ensuring the delivery of life-saving medications, and to supporting non-profits that are addressing challenging issues our society is facing today.

Through our purpose, scale, and expertise, we have ensured that our partners have had the connectivity, capability, and data they have needed to think, plan, and act effectively. As we worked to ensure that patient needs were met across our footprint, we recognized that we were only able to do so because of the resilience of our business. Our strategic focus on pharmaceuticals is the foundation of this resilience, along with our diverse portfolio of customers and businesses, our differentiated customer experience, and our leadership in specialty.

We remain purpose-driven and well positioned to create significant stakeholder value. Our businesses and teams rose to the challenges of the year, and went above and beyond to deliver support and results for our customers and their patients. AmerisourceBergen begins fiscal 2021 with strong momentum as our key differentiators continue to provide a platform for value creation for all our stakeholders.

## Creating Value for Our Customers, Partners and Stockholders

Driven by our business resilience, diligent execution, and exceptional performance in fiscal 2020 our revenue increased 6% to \$189.9 billion and adjusted diluted earnings per share increased 11% to \$7.90.<sup>1</sup> We experienced growth across our broad portfolio of businesses as our associates embodied our purpose and innovated to meet the needs of our customers and their patients. Our teams strengthened our relationships with partners both upstream and down, focusing on providing transparency and solutions at a time they needed it most. AmerisourceBergen's long history of internal investment helped support this important work and enabled us to establish robust business continuity plans, which utilized our efficient and modernized distribution network and our strong IT infrastructure.

Our Pharmaceutical Distribution Services segment delivered revenue growth of 6%. This segment continued to benefit from our strategic relationships in each customer segment and strong performance in Specialty Physician Services, where innovation and demographics continue to be organic growth drivers. In addition, we had notable contribution from biosimilar utilization in fiscal 2020, as we experienced better than expected uptake of biosimilars, particularly in oncology.

Our Global Commercialization Services & Animal Health businesses delivered revenue growth of 10%. While there was growth across the group of businesses, which includes MWI Animal Health and our consulting businesses, World Courier performed particularly well as it continued to differentiate itself with key solutions in global specialty logistics. The investments that AmerisourceBergen has made over the last few years have positioned our World Courier business to offer best-in-class solutions for our manufacturer customers, along with the expertise and capabilities needed to help navigate an increasingly complex environment for global specialty logistics.

## Supporting Patient Access, Wherever a Prescription is Needed

With our robust customer base, AmerisourceBergen is well positioned to support patient access, wherever a prescription is needed. We continue to grow with all our customers, including our key anchor customers and largest customers. In fiscal 2020, our Good Neighbor Pharmacy network of independent pharmacies was ranked "Highest in Customer Satisfaction with Chain Drug Store Pharmacies" in the J.D. Power 2020 U.S. Pharmacy Study for the fourth consecutive year. Demonstrating unwavering commitment to their patients, our Good Neighbor Pharmacies have gone above and beyond with their entrepreneurial spirit and adapted to the current environment to meet their patients' needs. AmerisourceBergen shares this purpose-driven mindset of our Good Neighbor Pharmacies, and we will continue to support our customers by understanding their needs, delivering a seamless experience, and deepening our relationships with them.

<sup>1</sup> See Appendix A for more information regarding the non-GAAP financial measure adjusted diluted earnings per share.

AmerisourceBergen also reaches patients through our unparalleled leading specialty franchise, which is an important driver of AmerisourceBergen's growth. Our Specialty Physician Services business has the strongest portfolio of value-added services and customer relationships in the industry. Our capabilities enabled us to become the exclusive distributor for the antiviral and antibody therapies currently approved for emergency use by the U.S. FDA, and to support the U.S. government in its efforts to prepare for future public health emergencies. We are focused on furthering our value proposition – and supporting our specialty physician customer base – by continuing to invest in technology, innovation, and data and analytics solutions.

Our position in the market enables us to capitalize on emerging trends such as the rise of biosimilars, where we experienced better-than-expected adoption and growth this year, and which has become a meaningful and growing part of our business. The growth of biosimilars is a long-term driver for AmerisourceBergen as we are able to provide valuable commercialization services upstream to manufacturers and support access downstream to community-based providers.

### **Embracing and Advancing Innovation**

AmerisourceBergen embraces advanced technologies to enable real-time communications and transparency for our partners. Our sourcing and distribution teams integrate their commercial expertise with our data and analytics capabilities to provide actionable channel insights to our provider and manufacturer partners and government stakeholders. Our proven capabilities have meant that we have been able to be part of the solution to the pandemic this year, from distributing COVID-19 therapies to enabling in-home clinical trials. We are also a trusted data provider in the pharmaceutical supply chain, which stakeholders across the health system use to enable data-driven solutions to new and existing challenges. We continue to build upon our partnerships to become even more efficient and to serve our customers with greater speed, efficiency, and data capabilities.

Having an innovative mindset means that not only do we seek creative ways to solve problems, but also that we are decisive and nimble to apply our capabilities. During the pandemic, for example, we quickly launched telehealth tools, web-based workflow platforms, and other technology solutions, helping providers across our customer spectrum – from Specialty Physician Services to MWI Animal Health – adapt to the new environment. AmerisourceBergen remains solution-oriented and committed to providing value-added innovations and services so that our customers can take advantage of the opportunities available in the rapidly evolving market.

### **Addressing the Opioid Epidemic**

AmerisourceBergen takes our role in the supply chain seriously. We consistently engage and mobilize to help address the opioid epidemic, both by partnering with key stakeholders and by helping bring real solutions to the table. We continue to work diligently and alongside partners to combat drug diversion and to support initiatives that help address the crisis in communities across the country. Together, our Board of Directors, management team, and associates are focused on developing meaningful solutions for this epidemic.

### **Advancing Our History of Corporate Stewardship**

AmerisourceBergen has a history of successful corporate stewardship. On the financial side, we returned over \$760 million dollars to our stockholders through opportunistic share repurchases and dividends in fiscal 2020, and invested \$370 million dollars in our businesses through capital expenditures. We have maintained our thoughtful and strategic approach to capital deployment, with a focus on creating value for all our stakeholders.

On the people and community side, we are guided by our purpose. We engage our associates, operate in a sustainable and responsible manner, and support healthy and resilient communities where we live and work. Our COVID-19 response, for example, focused on prioritizing the safety and wellbeing of our associates. We shifted all suitable roles to remote work. For our frontline workers, we enhanced cleaning protocols, upheld social distancing guidelines, and provided special bonuses. We provided additional backup dependent care and paid time off for those needing to care for family members or quarantine. To maintain mental and physical health, we provided associates with resources including online meditation and mindfulness videos as well as access to at-home fitness activities. We increased support through our Associate Assistance Fund by offering financial assistance for those who may have contracted the virus, had a family member diagnosed with COVID-19, or had household income impacted, such as from a spouse experiencing job loss. We provided Personal Protective Equipment not only to our frontline workers, but also to our health partners serving their

neighborhoods. The AmerisourceBergen Foundation committed \$1 million to support communities, individuals, and nonprofits impacted by COVID-19, especially those that were disproportionately affected by the pandemic.

We also maintained our commitment to responsible, resilient operations and environmental sustainability. With a focus on operating efficiency and risk management that is supported by our industry-leading infrastructure, technology, and data analytics, we were able to ensure that critical supplies and medication were sourced and delivered to facilities and patients throughout the COVID-19 pandemic. During the wildfires on the U.S. West Coast, our role included coordinating and distributing supplies and donations to benefit both humans and animals. Our work with our transportation partners includes optimizing routes to reduce miles driven and greenhouse gas emissions. We use a sustainable, cold-chain packaging solution that includes reusable totes and plant-based, phase-change material ice packs. We are also taking steps across the enterprise to minimize waste and maximize recycling.

Our strong culture was recognized this year with several honors, including being named one of America's "Most Responsible Companies" by Newsweek magazine, a Best Place to Work for LGBTQ Equality, and a 2020 DiversityInc Noteworthy Company for the fourth consecutive year. We intend to further improve our culture by cultivating equity, inclusion, and belonging across all dimensions of diversity, both internally to improve our associate experience and externally to promote supplier diversity. Recently, we appointed a new Chief Diversity and Inclusion Officer, and we look forward to working with him to continue our progress and focus in this important area. There is value generated by the power of difference, and we believe that fostering an environment that embraces diversity, inclusion, and addressing unconscious bias advances our purpose and our culture, making us an even better AmerisourceBergen.

### **Focusing on Long-Term, Sustainable Growth**

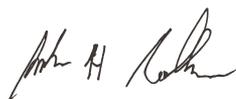
This past year, AmerisourceBergen has demonstrated the vital nature of our role in the health system and as a key pillar of pharmaceutical innovation and access. With our pharmaceutical-centric strategy, innovative mindset, and continued focus on execution, AmerisourceBergen has proven a strategic asset and partner to healthcare providers, global manufacturers, and government stakeholders. Our strong financial and strategic position enables our next evolution of enhancing our ability to provide healthcare capabilities across regions and deliver innovative solutions. We recently announced our largest transaction to date: the acquisition of the majority of Alliance Healthcare's businesses, which will extend our core pharmaceutical wholesale and related solutions into key new markets and further strengthening our global platform of manufacturer services. In addition, we announced the extension and expansion of our U.S. partnership with Walgreens Boots Alliance through 2029. Through this expanded partnership, we will further strengthen our relationship with our largest business partner and increase the value we can provide to all our downstream customers. By adding to the breadth and depth of valued services offered to our manufacturer partners and to our customers, we will be better positioned to meet the increasingly global nature of the pharmaceutical supply chain.

In August 2021, we will celebrate the 20<sup>th</sup> anniversary of the merger between AmeriSource Health and Bergen Brunswig, and we are proud of what AmerisourceBergen has achieved over the decades. Our strong customer base, leadership in specialty, dedication to innovation, and successful corporate stewardship enable AmerisourceBergen to leverage our pharmaceutical distribution and service expertise to deliver on our commitment to our customers, partners, and associates. As we look ahead to the next 20 years and beyond, we remain dedicated to enhancing our market-leading portfolio of innovative services and solutions, furthering our execution excellence, continuing to advance our talent and culture, and evolving our technology and communication to become an even more unified AmerisourceBergen.

AmerisourceBergen is well-positioned to continue to create long-term shareholder value and deliver on our purpose of being united in our responsibility to create healthier futures.

Thank you for your support and investment in AmerisourceBergen.

Sincerely,



Steven H. Collis  
Chairman, President & Chief Executive Officer

## SUPPLEMENTAL INFORMATION REGARDING NON-GAAP FINANCIAL MEASURES

To supplement the financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), AmerisourceBergen uses certain non-GAAP financial measures. This letter uses the non-GAAP financial measure adjusted diluted earnings per share ("Adjusted Non-GAAP EPS"). Adjusted Non-GAAP EPS should be viewed in addition to, and not in lieu of, diluted earnings per share and other financial measures calculated in accordance with GAAP. This supplemental measure may vary from, and may not be comparable to, similarly titled measures by other companies.

Adjusted Non-GAAP EPS excludes the per share impact of adjustments including gain from antitrust litigation settlements; LIFO expense (credit); PharMEDium shutdown and remediation costs; the expense (credit) related to the New York State Opioid Stewardship Act; acquisition-related intangibles amortization; employee severance, litigation, and other; impairment of PharMEDium assets; a contingent consideration adjustment; loss on early retirement of debt; and gain on sale of an equity investment; in each case net of the tax effect calculated using the applicable effective tax rate for those items. The per share impact of certain discrete tax benefits primarily attributable to the income tax deduction recognized in connection with the permanent shutdown of PharMEDium as well as the Coronavirus Aid, Relief and Economic Security Act and the per share impact of certain benefits relating to tax reform in Switzerland are also excluded from adjusted diluted earnings per share for the fiscal year ended September 30, 2020. In addition, the per share impact of the final U.S. tax reform measurement period adjustment to the one-time transition tax liability on historical foreign earnings and profits through December 31, 2017 is excluded from adjusted diluted earnings per share for the fiscal year ended September 30, 2019. Management believes that this non-GAAP financial measure is useful to investors because it eliminates the per share impact of the items that are outside the control of the Company or that we consider to not be indicative of our ongoing operating performance due to their inherent unusual, non-operating, unpredictable, non-recurring, or non-cash nature. Diluted weighted average common shares outstanding has been adjusted to include the impact of the stock options and restricted stock units that were anti-dilutive for the GAAP presentation due to a GAAP net loss in the fiscal year ended September 30, 2020. Management believes that adjusted diluted shares outstanding is useful to investors because it facilitates the calculation of adjusted diluted earnings per share.

The following is a reconciliation of GAAP diluted earnings per share to Adjusted Non-GAAP EPS:

	FY 2020	FY 2019
<b>GAAP</b>	<b>\$(16.65)</b>	<b>\$ 4.04</b>
Gain from antitrust litigation settlements	(0.03)	(0.51)
LIFO expense (credit)	0.03	(0.08)
PharMEDium shutdown and remediation costs	0.22	0.24
New York State Opioid Stewardship Act	0.06	(0.08)
Acquisition-related intangibles amortization	0.41	0.55
Employee severance, litigation, and other(1)	27.66	1.16
Impairment of PharMEDium assets	1.37	1.99
Contingent consideration adjustment	(0.02)	–
Gain on sale of an equity investments	–	(0.05)
Loss on early retirement of debt	0.08	–
Certain discrete tax benefits(2)	(3.49)	–
Tax reform(3)	(1.75)	(0.17)
<b>Adjusted Non-GAAP</b>	<b>\$ 7.90(4)</b>	<b>\$ 7.09</b>

- (1) For the fiscal year ended September 30, 2020, includes a \$6.6 billion legal expense accrual in connection with opioid lawsuits.
- (2) Represents discrete tax benefits primarily attributable to the income tax deductions resulting from the permanent shutdown of the PharMEDium business.
- (3) For the fiscal year ended September 30, 2020, represents a tax benefit relating to Swiss tax reform. For the fiscal year ended September 30, 2019, this includes a measurement period adjustment of the one-time transition tax on historical foreign earnings and profits through December 31, 2017.
- (4) The sum of the components does not equal the total due to rounding.

The following is a reconciliation of GAAP basic shares outstanding to Non-GAAP diluted shares outstanding:

	FY 2020	FY 2019
<b>Basic shares outstanding</b>	204,783	210,165
Stock option and restricted stock unit dilution	–	1,675
GAAP diluted shares outstanding	204,783	211,840
Stock option and restricted stock unit dilution(1)	1,839	–
<b>Non-GAAP diluted shares outstanding</b>	206,622	211,840

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