

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	September 30,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,374,194	\$ 2,492,516
Accounts receivable, less allowances for returns and doubtful accounts: 2019 — \$1,222,906; 2018 — \$1,036,333	12,386,879	11,314,226
Inventories (Note 1)	11,060,254	11,918,508
Right to recover asset (Note 1)	1,147,483	—
Prepaid expenses and other	163,244	169,122
Total current assets	28,132,054	25,894,372
Property and equipment, at cost:		
Land	44,142	39,875
Buildings and improvements	942,129	1,086,909
Machinery, equipment, and other	2,362,869	2,281,124
Total property and equipment	3,349,140	3,407,908
Less accumulated depreciation	(1,578,624)	(1,515,484)
Property and equipment, net	1,770,516	1,892,424
Goodwill	6,705,507	6,664,272
Other intangible assets	2,294,836	2,947,828
Other assets	269,067	270,942
TOTAL ASSETS	\$ 39,171,980	\$ 37,669,838
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 28,385,074	\$ 26,836,873
Accrued expenses and other	1,057,208	881,157
Short-term debt	139,012	151,657
Total current liabilities	29,581,294	27,869,687
Long-term debt	4,033,880	4,158,532
Long-term financing obligation	320,518	352,296
Accrued income taxes	284,075	299,600
Deferred income taxes	1,860,195	1,829,410
Other liabilities	98,812	110,352
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.01 par value — authorized, issued, and outstanding: 2019 — 600,000,000 shares, 285,295,170 shares and 206,760,654 shares; 2018 — 600,000,000 shares, 283,588,463 shares and 213,217,882 shares	2,853	2,836
Additional paid-in capital	4,850,142	4,715,473
Retained earnings	4,235,491	3,720,582
Accumulated other comprehensive loss	(111,965)	(79,253)
Treasury stock, at cost: 2019 — 78,534,516 shares; 2018 — 70,370,581 shares	(6,097,604)	(5,426,814)
Total AmerisourceBergen Corporation stockholders' equity	2,878,917	2,932,824
Noncontrolling interest	114,289	117,137
Total equity	2,993,206	3,049,961

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 39,171,980	\$ 37,669,838

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended September 30,		
(in thousands, except per share data)	2019	2018	2017
Revenue	\$ 179,589,121	\$ 167,939,635	\$ 153,143,826
Cost of goods sold	174,450,809	163,327,318	148,597,824
Gross profit	5,138,312	4,612,317	4,546,002
Operating expenses:			
Distribution, selling, and administrative	2,663,508	2,460,301	2,128,730
Depreciation	294,965	283,971	237,100
Amortization	167,442	181,156	160,503
Employee severance, litigation, and other	330,474	183,520	959,327
Goodwill impairment	—	59,684	—
Impairment of long-lived assets (Note 1)	570,000	—	—
Operating income	1,111,923	1,443,685	1,060,342
Other (income) loss	(12,952)	25,469	(2,730)
Interest expense, net	157,769	174,699	145,185
Loss on consolidation of equity investments	—	42,328	—
Loss on early retirement of debt	—	23,766	—
Income before income taxes	967,106	1,177,423	917,887
Income tax expense (benefit)	112,971	(438,469)	553,403
Net income	854,135	1,615,892	364,484
Net loss attributable to noncontrolling interest	1,230	42,513	—
Net income attributable to AmerisourceBergen Corporation	\$ 855,365	\$ 1,658,405	\$ 364,484
Earnings per share:			
Basic	\$ 4.07	\$ 7.61	\$ 1.67
Diluted	\$ 4.04	\$ 7.53	\$ 1.64
Weighted average common shares outstanding:			
Basic	210,165	217,872	218,375
Diluted	211,840	220,336	221,602

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
Net income	\$ 854,135	\$ 1,615,892	\$ 364,484
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(32,957)	(36,904)	16,540
Loss on consolidation of equity investments	—	45,941	—
Other	(271)	(756)	1,918
Total other comprehensive (loss) income	(33,228)	8,281	18,458
Total comprehensive income	820,907	1,624,173	382,942
Comprehensive loss attributable to noncontrolling interest	1,746	50,829	—
Comprehensive income attributable to AmerisourceBergen Corporation	\$ 822,653	\$ 1,675,002	\$ 382,942

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total
September 30, 2016	\$ 2,778	\$ 4,333,001	\$ 2,303,941	\$ (114,308)	\$ (4,396,008)	\$ —	\$ 2,129,404
Adoption of ASU 2016-09 (see Note 1)	—	—	47,063	—	—	—	47,063
Net income	—	—	364,484	—	—	—	364,484
Other comprehensive income	—	—	—	18,458	—	—	18,458
Cash dividends, \$1.46 per share	—	—	(320,270)	—	—	—	(320,270)
Exercises of stock options	25	102,898	—	—	—	—	102,923
Share-based compensation expense	—	62,206	—	—	—	—	62,206
Common stock purchases for employee stock purchase plan	—	(467)	—	—	—	—	(467)
Purchases of common stock	—	—	—	—	(329,929)	—	(329,929)
Settlement of accelerated share repurchase transaction	—	20,000	—	—	(20,000)	—	—
Employee tax withholdings related to restricted share vesting	—	—	—	—	(9,411)	—	(9,411)
Other	3	(3)	—	—	—	—	—
September 30, 2017	2,806	4,517,635	2,395,218	(95,850)	(4,755,348)	—	2,064,461
Consolidation of variable interest entity	—	—	—	—	—	167,966	167,966
Net income (loss)	—	—	1,658,405	—	—	(42,513)	1,615,892
Other comprehensive income (loss)	—	—	—	16,597	—	(8,316)	8,281
Cash dividends, \$1.52 per share	—	—	(333,041)	—	—	—	(333,041)
Exercises of stock options	27	138,429	—	—	—	—	138,456
Share-based compensation expense	—	62,316	—	—	—	—	62,316
Common stock purchases for employee stock purchase plan	—	(341)	—	—	—	—	(341)
Purchases of common stock	—	—	—	—	(663,220)	—	(663,220)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(8,246)	—	(8,246)
Other	3	(2,566)	—	—	—	—	(2,563)
September 30, 2018	2,836	4,715,473	3,720,582	(79,253)	(5,426,814)	117,137	3,049,961
Adoption of ASC 606 (Note 1)	—	—	(1,482)	—	—	(1,102)	(2,584)
Net income (loss)	—	—	855,365	—	—	(1,230)	854,135
Other comprehensive loss	—	—	—	(32,712)	—	(516)	(33,228)
Cash dividends, \$1.60 per share	—	—	(338,974)	—	—	—	(338,974)
Exercises of stock options	15	76,219	—	—	—	—	76,234
Share-based compensation expense	—	58,874	—	—	—	—	58,874
Purchases of common stock	—	—	—	—	(664,803)	—	(664,803)
Employee tax withholdings related to restricted share vesting	—	—	—	—	(5,987)	—	(5,987)
Other	2	(424)	—	—	—	—	(422)
September 30, 2019	<u>\$ 2,853</u>	<u>\$ 4,850,142</u>	<u>\$ 4,235,491</u>	<u>\$ (111,965)</u>	<u>\$ (6,097,604)</u>	<u>\$ 114,289</u>	<u>\$ 2,993,206</u>

See notes to consolidated financial statements.

AMERISOURCEBERGEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)	Fiscal Year Ended September 30,		
	2019	2018	2017
OPERATING ACTIVITIES			
Net income	\$ 854,135	\$ 1,615,892	\$ 364,484
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, including amounts charged to cost of goods sold	321,102	318,483	262,420
Amortization, including amounts charged to interest expense	176,410	191,626	169,911
Provision for doubtful accounts	25,196	16,660	8,934
Provision (benefit) for deferred income taxes	28,537	(795,524)	319,069
Share-based compensation expense	58,874	62,316	62,206
LIFO (credit) expense	(22,544)	67,324	(157,782)
Impairment of long-lived assets	570,000	—	—
Gain on sale of an equity investment	(13,692)	—	—
Goodwill impairment	—	59,684	—
Impairment of non-customer note receivable	—	30,000	—
Loss on consolidation of equity investments	—	42,328	—
Loss on early retirement of debt	—	23,766	—
Other	(23,193)	(19,078)	7,744
Changes in operating assets and liabilities, excluding the effects of acquisitions and divestitures:			
Accounts receivable	(1,241,890)	(657,770)	(1,277,896)
Inventories	(167,990)	(4,923)	(431,454)
Prepaid expenses and other assets	(6,733)	(57,211)	33,646
Accounts payable	1,561,048	859,036	1,473,389
Income taxes payable	(13,353)	209,899	27,192
Accrued expenses and other liabilities	238,116	(551,120)	642,275
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,344,023	1,411,388	1,504,138
INVESTING ACTIVITIES			
Capital expenditures	(310,222)	(336,411)	(466,397)
Cost of acquired companies, net of cash acquired	(63,951)	(785,299)	(61,648)
Cost of equity investments	—	—	(11,347)
Proceeds from sale of business	—	—	12,094
Proceeds from sales of investment securities available-for-sale	—	—	74,778
Purchases of investment securities available-for-sale	—	—	(48,635)
Other	(1,659)	10,596	3,114
NET CASH USED IN INVESTING ACTIVITIES	(375,832)	(1,111,114)	(498,041)
FINANCING ACTIVITIES			
Senior notes and other loan borrowings	506,948	1,314,430	—
Senior notes and other loan repayments	(510,863)	(681,001)	(750,000)
Borrowings under revolving and securitization credit facilities	640,126	25,129,704	9,336,400
Repayments under revolving and securitization credit facilities	(769,284)	(25,127,438)	(9,335,953)
Payment of premium on early retirement of debt	—	(22,348)	—
Purchases of common stock	(674,031)	(639,235)	(329,929)
Exercises of stock options	76,234	138,456	102,923
Cash dividends on common stock	(338,974)	(333,041)	(320,270)
Tax withholdings related to restricted share vesting	(5,987)	(8,246)	(9,411)
Other	(10,682)	(14,154)	(6,574)
NET CASH USED IN FINANCING ACTIVITIES	(1,086,513)	(242,873)	(1,312,814)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	881,678	57,401	(306,717)
Cash and cash equivalents at beginning of year	2,492,516	2,435,115	2,741,832
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,374,194	\$ 2,492,516	\$ 2,435,115