Company Name: AmerisourceBergen Corp. (ABC)
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<<Unidentified Company Representative>>

All right. Well, we're in the final stretch here. And it's Mike, who is far too kind. We're happy to be supporters of CECP in the beginning and as we go forward. It's my pleasure today to get to introduce Steve Collis, the President, Chairman, CEO of AmerisourceBergen, a leading health care solutions provider. He tells me he's been with the company 25 years next month, serving as CEO since 2011. And during this period of time, AmerisourceBergen has really enjoyed pretty extraordinary growth. Revenues have grown by more than 80%. Employee count has reached more than 21,000 in more than 50 countries.

And I think, importantly, Mr. Collis, to today's point, has spearheaded the creation of the AmerisourceBergen Foundation, which supports health care-related causes and educational opportunities. And under his leadership, AmerisourceBergen was recognized by DiversityInc as a Noteworthy company.

In addition to serving – wait for it – in addition to serving all of his roles at AmerisourceBergen, Mr. Collis is board member at the International Federation of Pharmaceutical Wholesalers. He's the founding Vice Chairman of the American Cancer Society's CEOs Against Cancer. He serves on the national board of governors for the American Red Cross, and I was exhausted reading that list. So we appreciate all the time you've put into our communities. Under his leadership and strategic investment and acquisitions, AmerisourceBergen has expanded its breadth of services and solutions, resulting in unprecedented customer relationships, global reach and deep expertise that's shaping the health care delivery business. Mr. Collis has forged a clear path in advancing AmerisourceBergen's purpose of creating healthier futures, and he has the wisdom to have CECP's own indelible Doug Conant on his board at least through Wednesday, as I understand it.

So with that, please, a warm welcome to Steve Collis.

<<Steven H. Collis, Chairman, President & Chief Executive Officer>>

Thank you. Thank you, everybody, for staying here through a lot of very interesting and diverse presentations. We've talked about diversity, but we've had a lot of diversity in presentations, different companies. And we're a B2B company, so you won't have tasted our products. You probably all have taken our prescription at some time, and you've almost definitely got it from one of our – we have about 30% of all U.S. prescriptions go through our warehouses. So at some stage, you've had our product, but you wouldn't know it. And we don't have any branding, and we are – we're somewhat being compared to the FedEx or UPS of distribution of pharmaceuticals.

So that's a good maybe company, good description infrastructure. We help businesses work better, so I'm pleased to be here today. And Am said that this is our last week having Doug as a

board member who – and Doug's people orientation has been outstanding. So when I went up to get ready for the presentation, to get the microphone, I observed that there's a tremendous amount of cocktails out there. So there's good news that after this, you will see a very diverse set of alcohol and very high premium alcohol as well. So I'm going to try get you there as quickly as I can and be fairly brief because I know it's been a long but very good day.

So when I became CEO, I'd say the biggest change we've had is – there's the slide on that our lawyers told one that you all saw that and read this fine print, so I'm going to get to now our purpose. So when I became CEO, and my predecessor is a very close friend. We meet about once a month, maybe once every two months, and we are very good friends. We've had a good relationship, I think, that's very helpful. It sounds I think, Peter, like you have added Raj Gupta's over there, and he knows my predecessor. I think they're on a couple of boards together.

But he will be the first to tell you we're very different. He saw the stakeholder as the shareholder. That was it. I think, like a lot of CEOs today, I have a much more broader set of who our stakeholders are. And it starts, to me, with the business experience I have where we looked at manufacturers and patients as stakeholders. And that was a background I came from. And we weren't just distributing products, we were distributing life-saving drugs, and our customers were the manufacturers who are bringing these innovative life-saving, life-changing, changing the demographics on cancer care, which is where both – most of my background was.

And I always had a strong sense that it was a privilege to distribute these products to handle them and looked at what else can we do around this channel, this ecosystem that we have. When we started – so we had the AmerisourceBergen merger in 2001, and I was – really had found – been the fourth employee and first general manager of our specialty business. And in those days, we were growing literally 50% a year, 30% to 40% top line, 50% bottom line for about five, six years, with so many new therapies that were coming out and really accelerating our market share. It was the most wonderful time in my career, but what we needed was a sense of purpose.

And the first time we identified a mission, vision and values for the company, I wasn't really a big fan, but I became a big fan through the practical application of that. When I had salespeople or corporate development people that said when I'm in a meeting, I think of our mission, vision and values, I know if I'm on the right track with something. So when I became CEO, we got, again, I'll say it, Doug Conant and another gentleman, Dick Gochnauer, as board members. They said to me, "You know, Steve, you really are a purpose-driven company. You just haven't really packaged that and communicated that well. You are patient-centered. You are focused on a diverse set of stakeholders. You are interested in creating long-term value. You are a sustainable-oriented company, so we really should think about helping you be a purpose-driven company." And we considered that, and we weren't quick to jump into it, but we really have embraced the purpose-driven company fully and believe it's a very essential part of our culture, of our ambition, of our daily existence.

And really, their purpose is we are united in our responsibility to create healthier futures. And the panel at lunch, I thought, was – I'm in health care, so I'll tell you, you had four outstanding CEOs there. I've been privileged to be in a group with Mark for about eight years, four times a year. He participates actively. And every single time, he provokes a conversation and, well,

you've all heard Alex. So I thought there was an extraordinary discussion, which could have gone on for longer, but it was a great discussion on health care. And the 20% of GDP, which we hear about so much.

Quickly, show of hands. I can't do the survey, but I wish I could. How – what percentage of health care spending do you think pharmaceuticals is? Anybody want to say? So at 20% – do you think that the pharmaceutical part of that is 30%, 20%, 5%? Anybody have – higher, 30 – more than 30%? It's not something in the health care. Dana , you're not in health care. Do you think it's 30%? Okay. So it's 15%. It's 15%. So people get very, very surprised by that, but to us, it's a very important 15%. And I think people focus a lot on the high cost of maybe some specialty medicines, orphan drugs, in particular.

We had this really important drug that came out, called Sovaldi, which created a lot of attention. But what we are really focused on is a lot – is those 82% of prescriptions that are generics, that are more affordable than they've ever been. And then the brand drugs, which are really becoming specialty drugs, brand products have really become specialty products, and we have a real expertise around that. But back to our purpose and guiding principles. We also have adopted credos for why we exist, but who we are and how we live. And when we combine why we exist with who we are and how we live, this tells a powerful story about what we all work so hard to do every single day.

It's a challenge that we are well positioned to achieve. So people who are in the investment community, one thing that stands out for AmerisourceBergen, we are like the 13th or 14th largest revenue company in the U.S. So our revenues are over $160 billion dollars, but our operating profits pretax are 1.3%. So we have to be very, very efficient. We also don't own any of the patents. We don't own any of the products. We do some quality work around products, but we really are essentially a service company. So we have to have a very strong culture. We also have to trust our associates to deal with life-saving drugs, but also drugs that could have a lot of abuse problems associated with them.

And also, when you're working at 1.3%, you better be safeguarding your assets, including your inventory and your receivables. So we really focus very strongly on who we are and how we live. And we do try to live by this. And recently, I was interviewed. We did a video article, but we really did it off the cuff. It was intended to be almost a TED Talk for our associates. And a question was asked to me, what does it take to be successful at AmerisourceBergen? And my immediate answer was, and I hold this to be very true, is you have to put people first, and you have to definitely not put yourself first.

Every successful direct report I've had has put the associates first. They've never argued about their compensation, their bonuses. They've always tried to advocate for their people. And that – I've never seen anyone be a self-promoter be successful at AmerisourceBergen. So again, our strategy is really hinged on the purpose of being united. Another thing that I've done, we had – we still do have a lot of different service lines, but we've tried to make the company, and I think we've worked very hard on this, to be one AmerisourceBergen, pharmaceutical-centered, focused on specialty medicines, focused on customer partnerships, focused on community

providers and also with our strong financial metrics. So let me take a minute or two and talk about each of those.

So specialty medicines is tremendously important to health care – to AmerisourceBergen. We really have seen specialty medicines go from being a niche within our business, with being a different business line to being the core of what we do. Specialty medicines drive cancer care. They drive – we had Regeneron, of course, that's a specialty medicine, and have really made a difference, at least changed the demographics of health care.

We heard about someone being born today who is going to live to 150. I love that saying. I heard the Minister of Health for Germany say last month that every second go in Germany who is born today will live post 100. And a lot of that is going to be because of incredible drugs.

These drugs are going to be much more specific to your own diagnosis. They are going to be much more targeted, and they're going to come in unique forms, cell therapies, gene therapies, and they're going to use your own DNA, so they're going to be incredibly effective. And AmerisourceBergen wants to be right there to help those products get delivered. Community providers.

This is one of my favorite parts of our business. So we have three community provider sets that are smaller than a lot of our customers: community pharmacies, community veterinarians and community oncologists, that we have really created substantial practices around, around practice management, around purchasing, around education, around logistics, around community that help these businesses stay viable. I think people often will ask you, how does a community pharmacist stay in an era of CVS acquiring Aetna? How does a community pharmacist stay in business? And the reason is great service.

They are cornerstones in their community, but it's also, honestly, in the U.S., there's three large wholesalers that help with financing, help with insurance contracting, help with merchandising, help with store layout and also give them a sense of community so that they can benchmark and also help with adjudication information, analytics. So they have some of the ability to do services that larger competitors can do. Customer partnerships. This is really where we think about our larger customers, and we have an incredible blue-chip roster of customers, starting with Walgreens. So a good 30% of the revenues that we do are with Walgreens. Essentially, every single prescription you get from Walgreens or here in New York, we have JetBlue.

So the JetBlue of New York is Duane Reade and that's, of course, owned by Walgreens, and we serve every prescription for those stores essentially. There may be a few exceptions, but we are the wholesaler and very proud to be the supply chain background – backbone for Walgreens in drugs. We also have – in our community veterinarian business, we have a partnership with Banfield that's owned by Mars, who's the largest community practitioner for veterinarians. So that's another example of a long-term partnership.

In Oncology, we have Florida Cancer Center, long-term partnership, lots of interesting co-development, lots of development of programs, lots of help on financial and inventory matters,

and those are the long-term partnerships we think. Other well-known partners we have are Kaiser and Express Scripts, which is now part of Cigna. Cash flow generation.

We are, of course, a public company. I'll show you some of the metrics. We try generate cash flow at 1.25 to 1.35x net income. Bennett, I might be getting in problem there. I think I should say 1.25, but we essentially – it's very, very interesting, right? So we do about $400 million a day in sales, and our cash flow generation could be about $1.5 billion to $2 billion. So that's just four or five days. So to us, like, the day that year ends on is very, very meaningful. Like this year, our fiscal year ends on a Friday. So it's hard to meet cash flow generation goals because Friday is our worst day. Tuesdays is our best day because we have the Monday receipts. So that's a sort of – it's very, very tricky, right?

So you can think about us – about elephants can't dance, right? We have to do – that's very, very tricky to manage those sort of profits on those sort of sales, but we are very, very adept at doing that. And to do that, we have to drive performance. We have to leverage scale. We're very, very intent on making the right internal investments. Our board scrutinizes CERs over $10 million because those are very important to us.

We want to make sure that we're effectively using that cash flow. We want to look at where we have advantages and build on those advantages. So investments that we make – and we've done about $7 billion of investments, M&As, since I'm CEO, have really been focused on creating new competitive advantages with our customers or our suppliers. That's really how we think about strategic M&A. How do we get more integrated? How do we get more active? How do we get more valuable to our suppliers and our customers? And we think a lot, lastly, about access.

So access is a very important word in pharmaceutical care. AmerisourceBergen runs the largest patient access programs in the United States. We have 4,000 people that work every day on behalf of pharmaceutical manufacturers to get patients access to drugs. It's really remarkable work we do. If you think about it, the average person is probably talking to 82 to 100 patients a day. So it's really a remarkable service we do. And if you think about your child gets diagnosed with – has leukemia. What do you do? How do you pay for the drugs? It's a confounding array of financial responsibility. So we are very proud to help.

That's a typical example of the type of business we do and the concept of doing good while doing good. Lash, to me, the business that I hoped to acquire in 1998 really exemplifies part of where AmerisourceBergen does some good. So if you think about our business, I know a lot of CEOs have had that slide. So the $160 billion in revenues I've talked about, 21,000 associates. If you – the people that are actually involved in $140 billion of those $160 billion number about 6,000. So it's pretty remarkable.

We have so many people in our services and program businesses. The people that are involved in the supply chain business where we're highly scaled, highly automated, highly efficient are only about 6,000 that are driving $140 billion in revenues. So it shows you as well how efficient we are. Our global offices are really driven by a business we have called World Courier, which is a really remarkable clinical trial logistics business. We are in 50 countries.

We are the number one distributor specialty pharmaceuticals in the world, number one distributor of animal health. Jim Cleary start – really helped start that business. AmerisourceBergen acquired it about four or five years ago as a really excellent adjacency for us. Every day, we deliver to well over 50,000 sites and deliver about three million health care products. We are really benefited by a strong U.S. pharmaceutical market. Of course, we've got a lot of blueprints and discussions around reference pricing.

And any of you who are politically involved or following knows that this is a really pivotal debate. Again, 82% of the prescriptions are generic, and it's a highly competitive market where the U.S. is on a par with the rest of the world. The debate is the other 18% of products that are driving 90% of the spend. And particularly, when it comes to innovative drugs, what should – how should those drugs be priced? What should the level of annual increases be? These are all very good discussions, very worthwhile discussions.

And AmerisourceBergen actually helps enable manufacturers to have that discussions. We have a business called Xcenda, for example, that really helps with pricing on new drug launches and compare effectiveness in areas like this. We have benefited from greater employment. We've – and also the value – the focus in health care today is on – instead of procedures, but really on outcomes and value created. So what should a drug be priced at? If there wasn't that drug, what would the right – what would the cost be to society?

What would the cost be to that family? What would the cost be to that government? So we think about that a lot, and we think that pharmaceutical care will still be the most efficient form of health care going forward as it has been in the past. This is our financial performance. We've had a – we had very good first few years. We've been hampered a bit in the last few years by a difficult acquisition we made as well as concerns about pricing and just the rotation out of the market for pharmaceutical services stocks, but I'm proud of our record. We've had a good mix between share buybacks and M&A.

We were known when I – the first acquisition I've made was a year after I became CEO. It was World Courier. We've done extremely well there. The first shareholder meeting I went to after that, the first sell-side conference and, literally, nearly had a rebellion from a whole lot of the buy-side people. It was quite extraordinary, and I landed up having to get very, very firm and talk about why we were doing this. I was accused of doing it for empire building and wanting to hit – somebody even said, "Well, you're South African.

You want to have a little business in South Africa?" I mean – so it's just absurd when you think about someone who's so vested in a company as I am doing things for anything other than creating value for our stakeholders set. It was very, very galling to me. After three or four questions – I'm a pretty easygoing guy, but after three or four questions, I just had to put my foot down, and I think a lot of people either gone out of the stock or more came in, so I was pleased about that. We're organized, really, in two big segments: Pharmaceutical Distribution and Strategic Global Sourcing. Those are our core businesses. That's why I told you that we have probably about 6,000 to 8,000 people working in total.

We have some services companies that are in distribution, but that's where the core supply chain logistics works that gets done with all of the primary distribution businesses that I've talked about, those large customers that I've talked about. We have very efficient sourcing teams. We negotiate with manufacturers constantly. We negotiate with supply – with sell-side contracts we call them. We're busy with those all the time, with large and small customers. The light or the blue bar is our Commercialization Services & Animal Health.

Those are businesses that we all like to grow around 10% a year. They help enable the launch of products. They help manage products throughout their life cycle and also our higher-growth, non-payer affected, non-reimbursement affected animal health market where we are number one in the U.S. And the largest also of production animals – the largest distributor of production animal solutions is really in that segment as well as many other exciting businesses, Lash, which I talked about, and World Courier.

So we are a very well known name in commercialization services for manufacturers. So on the sustainability and accountability front, Susan Lorenz-Fisher is here. She heads up both our foundation as well as our environmental programs we've really developed in this area. We'd always been fairly conscious of it.

So for example, all those deliveries that I told you we make, those are all recyclable boxes. When we go and deliver, we pick up the boxes that we gave to the customers the next day. And that's probably, I worked out 300,000 to 400,000 boxes I got every day, and they've come back. So we're very proud of that. We are working to make our new warehouses, solar-powered. So we've partnered with Clearway Energy Group. These solar panels will reduce operating cost for AmerisourceBergen and produce sufficient electricity to offset more than 80% of the facility's annual electrical consumption from the grid.

So we've done that so far in Sacramento, in Phoenix, and we'll look to do that some more. What I'm especially proud about is our AmerisourceBergen Foundation. That was new. That was something that we introduced. We recently donated $25 million, the corporation donated to the foundation, to help with the opioid crisis, and we focused a lot there on education. We help with summer camps for kids of addicts.

This is something that I'll tie very closely to our governance. I was strongly encouraged by our board to think about, as a fundamental health care participant, that this is part of the responsibility you have to help improve communities, to help with this crisis. It is a crisis. We're the largest distributor of prescription drugs in the U.S., and we should really think about our role as being one that is solutions provider that can help with the management of this crisis.

So our board really encourages us to step up, and I'm proud of the efforts that we've made in this area. Like everyone else here, our board is a very strong partnership. We have three women board members. I get a lot of recognition for that. I think it really should be more. I see Peter nodding. So it really should be more. But we – the three women, who we have, our lead director, who essentially functions in many ways, like the Chairman of the Board, is a former FDA Commissioner, Jane Henney from the Clinton administration.

I have a very strong partnership with her. I have, honestly, tremendous respect for her regard, and she really sets the tone for our board. We also have Ornella Barra, who constantly gets rated as one of the most powerful woman business leaders in Europe, and she's on our board, who represents Walgreens, and she's another great partner. And Kathy Hyle, who was recently appointed Chairman of Bunge.

So I'm very proud of our board, and I believe we have a really productive relationship with them. So I'll wrap up a bit here with some recent environmental, social and governance highlights, including the one that I – we just got today. We were recognized as one of the top places for members of the LGBTQ community to work, and we got a perfect 100 rating for that. Being safe, our associates feeling safe at anywhere AmerisourceBergen has offices, has presence, has associates is incredibly important.

That's a non-violable principle. It's very important to us. We're recognized for green building certification. Our second annual Corporate Citizenship Report was just published. We'll have our shareholders' meeting this week, and we'll be able to update our shareholders on all the progress we've made on all these important initiatives. Also, Gina Clark, who's on our executive leadership team, has HR, government affairs and communications and marketing, was recently nominated. Despite somewhat of the high profile we have from being a pharmaceutical company in this era, she was nominated for corporate social responsibility professional of the year for the work she's done with our foundation.

So as I wrap up here, and I'm a little bit ahead of schedule, when you think about AmerisourceBergen, I think you can see, hopefully, a strong culture of empowering our associates, of being purpose-driven, of a really blue-chip roster of customers, performing innovative services and solutions, successful financial stewardship as a public company and also the leadership in specialty distribution and services and the thought that goes into that. So again, I'm happy to take questions from the audience, and thank you for your time, and thank you for my many colleagues who attended, made the arduous journey from Philadelphia here today. Thank you.

<<Unidentified Analyst>>

Please use Slido as well. You can even do that if you're in the room, slido.com. Questions? I'm sure there's going to be questions. This isn't a shy group.

Q&A

<<Steven H. Collis, Chairman, President & Chief Executive Officer>>

I think everyone took those cocktails coming seriously.

<<Unidentified Analyst>>

And we have one more session.

<<Steven H. Collis, Chairman, President & Chief Executive Officer>>

No, I'm joking.

<Q>: How do you think – is this on? How will Cyril do in getting South Africa back on the right track after the disastrous Zuma nine years?

<A – Steven H. Collis>: Well, I think I really wish Mr. Ramaphosa good luck. I think he's well regarded. People are so optimistic. There's tremendous problems in South Africa. It was very sobering to me. I've lived in the U.S. This is my 30th year, by the way, but it was very sobering to me to learn that when I was growing up, for every $6 that was spent on my education, there was only $1 spent on a black kid who lived 10 miles away.

So that's unfortunate. And when I was 16, there was a tremendous upheaval in South Africa. And we can talk about it over a cocktail, but – yes. So – but the kids never got education. So there's tremendous challenges there, and we do wish Mr. Zuma – we do wish Mr. Zuma godspeed as he leaves governance to people that are better qualified. Yes, that's true.

<A – Unidentified Analyst>: Fair enough. There's a question there in the back.

<Q – Jay Koh>: Jay Koh with The Lightsmith Group. It's a great presentation in health care sector and pharmaceutical role in it is really important. I'm going to ask you a little bit of an orthogonal question, I guess, which is, are you considering at all the impact of climate change risk on your operations, both from an opportunity set and also from the point of view of your own extended supply chain?

50 different pharmaceutical manufacturing sites were leveled by Hurricane Maria in Puerto Rico, causing some saline product shortages. You're also seeing some knock-on effects now from wildfire and other kinds of physical events that are changing the dynamic around health care demand and pharmaceuticals, also in animal health. I'm just wondering if this is actually starting to impact your business at all and the way you're thinking about risk management. Thanks.

<A – Steven H. Collis>: We haven't, but that's really something we should be thinking about. And so this March board meeting is our strategy session. And also with that, we have an extensive session on enterprise risk management. And we're very effective. And also, as you heard, I'm on the board of the American Red Cross, so I'm well aware of what happened two years ago in the country. It's quite remarkable, and I think good warning to all of us, so I thank you for that warning. Susan's got that. We'll include that in our enterprise risk management.

<A – Unidentified Analyst>: Another question from Wall Street Webcasting. Your story is very impressive. Do you have a specific leader or leaders at the company that heads up specific initiatives that you want to mention?

<A – Steven H. Collis>: Well, certainly, I want to – I mentioned Susan Lorenz-Fisher who heads up our foundation, also our sustainability efforts. Susan reports in to Gina Clark, who is

executive I mentioned, who is most closely associated with our foundation. And by the way, we're moving our foundation to an external board.

We don't want to have any internal so that we can have outside experts because we really want this to be as delineated as possible and away from core business interest, but really focused on that stakeholders set and the patients, in particular, where we have the most real empathy for the crisis and other crisis, including affordability of cancer drugs and other good areas that are – just quickly, I'll tell you our foundation.

We've built a new distribution center in Haiti, where no drugs were being safely stored in Port-au-Prince after the hurricane there. That's one of the projects I'm most fond of. We also helped create a school in Kigali to teach about the safe storage, transportation and utilization of pharmaceuticals in Africa. So there was a French school that – in Liberia that did that, but there was not an English school. So we were very involved with that, along with the international wholesale federation. So we do great projects like that and very proud of it.

<A – Unidentified Analyst>: Next question from Wall Street Webcasting. At lunch, we – there was a healthy debate about whether our health system was providing a warranty versus a system that is outcome-driven. So do you want to add to the debate?

<A – Steven H. Collis>: I thought that was an excellent comment. I mean, I think we are – we are too often repairing the car. We're not thinking about what that car should look like, how does it get manufactured, how do we make sure that the car is really well maintained as opposed to not getting its oil changed. And that is something that – it's very hard.

We have so many benefits in the U.S., but it's hard in the way our incentives work that people aren't incented enough. So one great idea I heard – I know you want to move on, one great idea I heard when I was at Davos was from a terrific health care entrepreneur, one of the top in the world, gentlemen Adrian Gore, that when we do our reports – a governance report, we should report on the health of our own associates, so we can show the progress we make in our wellness.

And that's, I think, a very valuable governance idea that maybe we should start thinking about having companies report, and we're definitely looking into that. I don't – we don't usually like to be on the bleeding edge, but I thought that was a good idea and put our own wellness metrics out there for our own associate base. So...

<A – Unidentified Analyst>: Excellent. Is there another question? Oh, upfront – oh, there's – someone's pointing. How important is reporting in managing climate and greenhouse gas emissions in the pharmaceutical business?

<A – Steven H. Collis>: So I think it's probably very important. We are much really – we're not really a clinical company, we're a company that buys these products. And – but I believe it's probably very – Susan, do you have a perspective. Maybe someone can give Susan the mic. She's more of an expert.

<A – Susan Lorenz-Fisher>: Thank you. No, it’s definitely very important, and it’s something we do. We’ve been disclosing the CDP for about four years now.

<<Unidentified Analyst>>

Thank you for that. And with that, thank you very much for your presentation.

<<Steven H. Collis, Chairman, President & Chief Executive Officer>>

Thank you.