



# **McKesson Corporation** **J. P. Morgan Healthcare Conference**

January 10, 2023

**Brian Tyler**  
**Chief Executive Officer**

## Cautionary Statements

This presentation contains 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. Forward-looking statements may be identified by their use of terminology such as “believes,” “expects,” “anticipates,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “projects,” “plans,” “estimates” or the negative of these words or other comparable terminology. The discussion of financial outlook, trends, strategy, financial frameworks, plans, assumptions, or intentions, may also include forward-looking statements. Readers should not place undue reliance on forward-looking statements, such as financial performance forecasts, which speak only as of the date they are first made. Except to the extent required by law, we undertake no obligation to update or revise our forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, or implied. Although it is not possible to predict or identify all such risks and uncertainties, we encourage investors to read the risk factors described in our most recent annual and periodic report filed with the Securities and Exchange Commission.

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes and settlements, including regarding our role in distributing controlled substances such as opioids; we might experience losses not covered by insurance; we might be adversely impacted by changes in tax legislation or challenges to our tax positions; we from time to time record significant charges from impairment to goodwill, intangibles, inventory and other assets or investments; we experience cybersecurity incidents and might experience significant computer system compromises or data breaches; we might experience significant problems with information systems or networks; we may be unsuccessful in retail pharmacy profitability; we might be harmed by large customer purchase reductions, payment defaults or contract non-renewal; our contracts with government entities involve future funding and compliance risks; we might be harmed by changes in our relationships or contracts with suppliers; we might be adversely impacted by delays or other difficulties with divestitures; we might be adversely impacted by healthcare reform such as changes in pricing and reimbursement models; we might be adversely impacted by changes or disruptions in product supply and we have experienced and may experience difficulties in sourcing products and changes in pricing due to the effects of the COVID-19 pandemic and Russo-Ukrainian War on supply chains; we might be adversely impacted as a result of our distribution of generic pharmaceuticals; we might be adversely impacted by an economic slowdown or recession and by disruption in capital and credit markets that might impede our access to credit, increase our borrowing costs and impair the financial soundness of our customers and suppliers; we might be adversely impacted by monetary inflation or fluctuations in foreign currency exchange rates; we might be adversely impacted by events outside of our control, such as widespread public health issues (including the effects we have experienced from the COVID-19 pandemic), natural disasters, political events (such as the Russo-Ukrainian War) and other catastrophic events; we may be adversely affected by global climate change or by legal, regulatory or market responses to such change; and we face uncertainties and risks related to COVID-19 vaccination distribution and related ancillary supply kit programs.

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## GAAP/ Non-GAAP Reconciliation

In an effort to provide additional and useful information regarding the Company’s financial results and other financial information as determined by generally accepted accounting principles (GAAP), certain materials in this presentation include non-GAAP information. The Company believes the presentation of non-GAAP measures provides useful supplemental information to investors with regard to its operating performance as well as comparability of financial results period-over-period. A reconciliation of the non-GAAP information to GAAP, and other related information is available in the appendix to this presentation, tables accompanying each period’s earnings press release, materials furnished to the SEC, and posted to [www.mckesson.com](http://www.mckesson.com) under the “Investors” tab.



**McKESSON**  
A Diversified Healthcare  
Services Company



## Our Company Priorities

### Focus on **People and Culture**

#### ● **Advancing healthcare for all**

Committed to  
investment in talent

### **Evolve** and **Grow** the **Portfolio**

#### ● Significant progress in **exiting European region**

Technology modernization  
and process simplification

**Tactical acquisitions** in  
biopharma services and  
oncology ecosystems

### **Expand** **Oncology** and **Biopharma** **Ecosystems**

#### ● **Differentiated** assets and capabilities

Established market  
presence

### **Sustainable** **Core** **Growth**

#### ● **Scaled and durable** distribution assets

Distribute approximately  
**one-third** of North  
America prescription  
medicines daily



# Foundation for long-term growth



## **Purpose:**

Advancing health outcomes for all.



## **Vision:**

Improve care in every setting – one product, one partner, one patient at a time.

## **I<sup>2</sup>CARE Values:**



**Integrity/Inclusion**



**Customer-first**



**Accountability**



**Respect**



**Excellence**

# Impact-driven organization



## Diversity, Equity and Inclusion



## Community Investment and McKesson Foundation

Donated \$4M+ in 2022 to pharmacy schools to help increase diversity and improve overall outcomes for vulnerable populations



## Sustainability

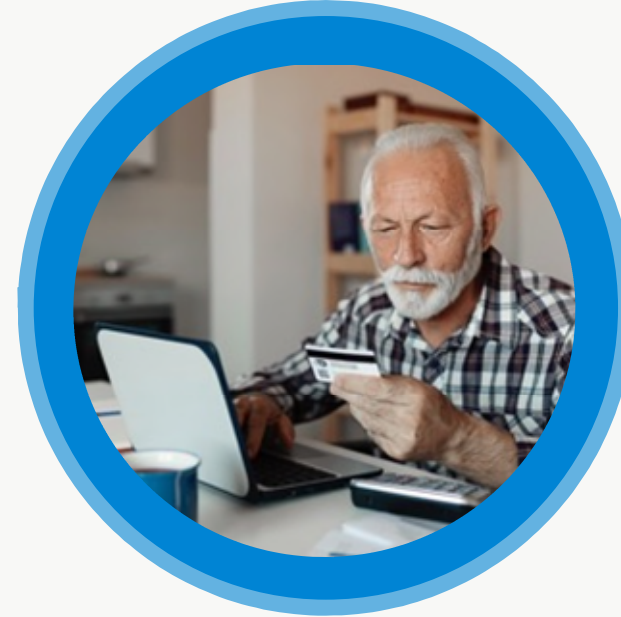
The SBTi has approved McKesson's near-term science-based emissions reduction targets

# Leveraging distinct assets and capabilities to address healthcare challenges and drive growth



## **Oncology**

18 million patients are living with cancer today



## **Biopharma**

13 million+ Americans skip or delay filling prescriptions due to financial considerations



# End-to-end offerings in a \$55B+ oncology market

**~\$30B+** Market opportunity

Drug Distribution



Unity/Onmark GPO



Practice Management



~2,000 providers

**~\$25B+** Market opportunity



Clinical Trial Services



Real-World Data, Evidence & Provider Technology

ontada

**Lower margin**

**Higher margin**

**#1 distributor**

in Community Oncology  
and specialty therapies

**Treat ~15%**

of all new cancer patients  
in the U.S.

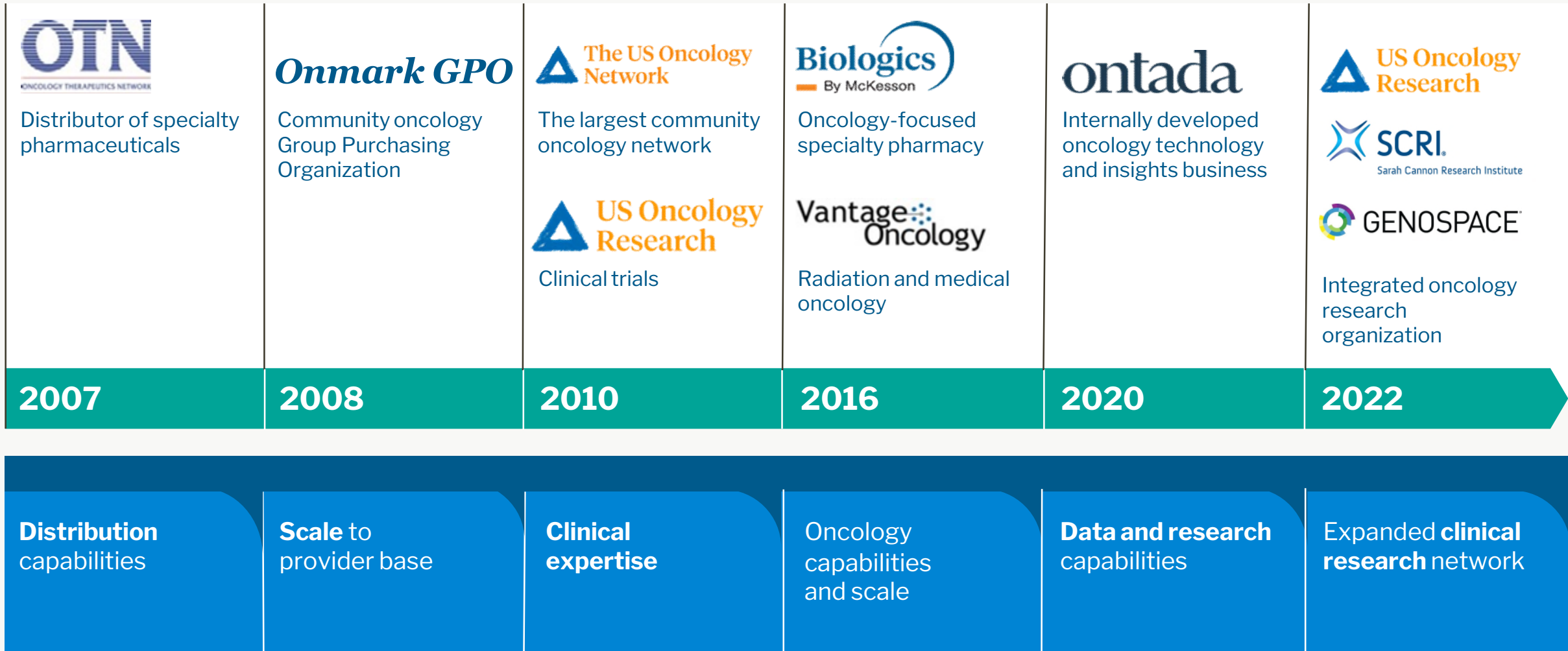
**250 locations**

Accruing patients to  
clinical trials

**10M+**

Patient visits

# Differentiated oncology ecosystem built over time



# Innovative biopharma services enabling better health outcomes

## Access

**~\$6B+** Market Opportunity

**67 million times**

Enabled patient access to medication annually

**Solutions example:**

Electronic prior authorization

## Affordability

**~\$1B+** Market Opportunity

**\$6B**

of out-of-pocket savings for patients each year

**Solutions example:**

Automatic coupon program (RelayHealth)

## Adherence

**~\$8B+** Market Opportunity

**>25%**





Improvement in patient adherence rate

**Solutions example:**

Education services to help patients stay on therapy



# Scaled technology platform

	<div>  </div> <div>                     Pharmacy claims switch and automated copay programs with network of 50,000+ pharmacies                 </div> <div>2006</div>	<div>  </div> <div>                     Automated insurer authorization process for drug coverage with network of 750,000+ providers                 </div> <div>2017</div>	<div>  </div> <div>                     Patient assistance programs, third party logistics, and hub services                 </div> <div>2018</div>	<div>                     Prescription Technology Solutions (RxTS)                 </div> <div>                     Automated hub services and aligned assets                 </div> <div>2020</div>	<div>  </div> <div>                     Prescription price transparency and benefit insights                 </div> <div>2022</div>
Access	✓	✓	✓	✓	
Affordability	✓	✓		✓	✓
Adherence			✓	✓	✓



# Oncology and Biopharma Services are key growth drivers

- Track record of innovation and value creation

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- Large, growing markets with significant unmet needs

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- Scaled platforms

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- Differentiated portfolio of assets and capabilities

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- Strategically positioned for success

# Shareholder value creation framework

Organic  
growth  
+  
Operating  
leverage  
+  
Capital  
allocation  
=  
**Sustainable  
Adjusted EPS  
growth**

- Revenue growth **at or above** market in all segments
- Disciplined tactics driving **margin efficiency**
- Increasingly **innovative and efficient investments** in areas that drive better care and higher growth and margins
- Focused cost management delivering **operating leverage**
- **Disciplined capital allocation** leveraging our stable cash flow to create value for shareholders
- Investing in **high growth, high margin** strategies to deliver **sustainable, double-digit Adjusted EPS growth**



# FY23 Adjusted EPS outlook

# \$24.45 — \$24.95

## Solid Business Performance

Excluding the contribution from COVID-19 related items and McKesson Ventures, FY23 guidance indicates 11% to 14% growth in Adjusted EPS

Anticipate each business segment to grow in line or above long-term AOP growth target in FY23

## Capital Deployment

Successfully exited 11 of the 12 European countries that we operated in

Recently acquired Rx Savings Solutions and formed joint venture with Sarah Cannon Research Institute

Anticipate \$3.5B in share repurchases in FY23

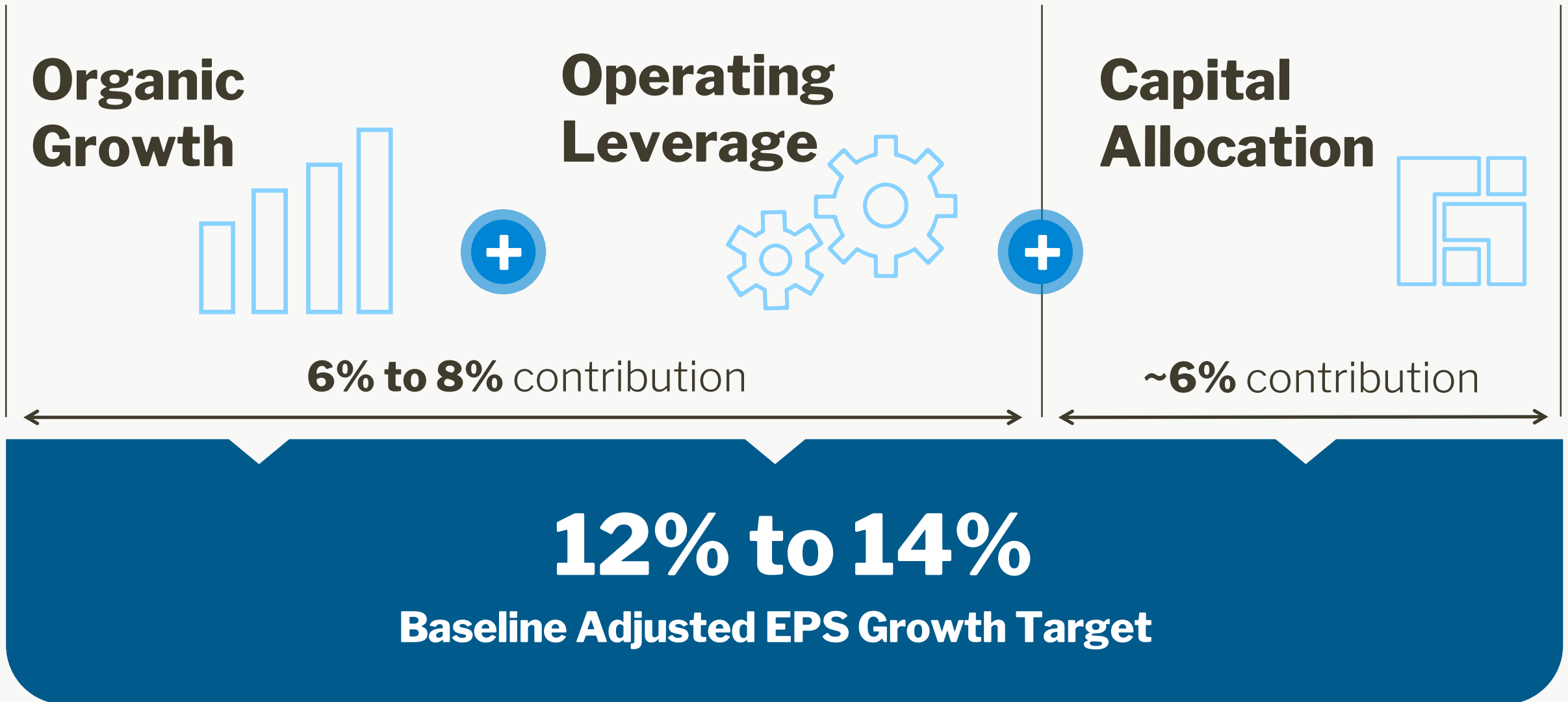
Deploy capital through share repurchases to offset the dilution resulting from the European divestitures

# Fiscal 2023 outlook at or above our long-term segment targets

## Fiscal 2023 Adjusted Segment Operating Profit:

	Investor Day Long-Term Targets	FY23 Outlook	FY19 to FY23 Outlook CAGR
U.S. Pharmaceutical	4%	5% to 7% growth	4%
Prescription Technology Solutions	11%	16% to 22% growth	13%
Medical-Surgical Solutions	10%	11% to 15% growth	12%

# Long-term financial framework







## Key takeaways from today

- Diversified healthcare services company
- Impact driven organization with committed ESG initiatives
- Continued expansion of Oncology and Biopharma Services ecosystem
- Proven shareholder value creation framework and compelling investment thesis
- Executing on our strategy to deliver sustainable profit growth and cash flows

**McKESSON**

# Footnotes

These notes refer to the financial metrics and/or defined terms presented on:

## Slide 6 – Leveraging distinct assets and capabilities to address healthcare challenges and drive growth

- 18 million patients are living with cancer today: patient statistics from American Cancer Society and National Cancer Institute.
- 13 million+ Americans skip or delay filling prescriptions due to financial considerations: statistic from HealthDay.

## Slide 14 – FY23 Adjusted EPS outlook

- Adjusted EPS: Defined as Adjusted Earnings per Diluted Share (Non-GAAP). We define Adjusted Earnings per Diluted Share as GAAP earnings (loss) per diluted common share from continuing operations attributable to McKesson, excluding per share impacts of amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, claims and litigation charges, other adjustments as well as the related income tax effects for each of these items, as applicable, divided by diluted weighted-average shares outstanding. FY23 Adjusted EPS outlook provided on November 1, 2022. McKesson does not provide reconciliations of forecasted Non-GAAP measures, including Adjusted Earnings per Diluted Share and Adjusted Segment Operating Profit.
- AOP: Defined as Adjusted Segment Operating Profit (Non-GAAP). We define Adjusted Segment Operating Profit as GAAP segment operating profit (loss), excluding amortization of acquisition-related intangibles, transaction-related expenses and adjustments, LIFO inventory-related adjustments, gains from antitrust legal settlements, restructuring, impairment, and related charges, and other adjustments.
- Anticipated Adjusted Segment Operating Profit and anticipated share repurchases in FY23 refer to information provided in an 8-K filed November 2, 2022. No updates provided at this time.

## Slide 15 – Fiscal 2023 outlook at or above our long-term segment targets

- Investor Day Long-Term Targets: Compound Annual Growth Rate (CAGR) provided at Investor Day on December 8, 2021.
- Fiscal 2023 Outlook: Outlook for segment Adjusted Operating Profit excludes the impacts related to the following items: the U.S. government's COVID-19 vaccine distribution; the kitting, storage, and distribution of ancillary supplies; and COVID-19 tests.
- FY19 to FY23 Outlook CAGR: Compound Annual Growth Rate (CAGR) from Fiscal 2019 to Fiscal 2023 guidance midpoint. Fiscal 2019 baseline metrics exclude the impacts related to the following items: impact from the separation of Change Healthcare, which was completed in the fourth quarter of Fiscal 2020.
- The FY23 Outlook and FY23 Outlook CAGR refer to information provided in an 8-K filed November 2, 2022. No update provided at this time.

## Slide 16 – Long-term financial framework

- Baseline metrics exclude the impacts related to the following items: the U.S. government's COVID-19 vaccine distribution; the kitting, storage, and distribution of ancillary supplies; and COVID-19 tests. Also excludes Adjusted Operating Profit related to European assets and gains or losses associated with McKesson Ventures' portfolio investments.
- Baseline metrics originally provided at Investor Day on December 8, 2021. No update provided at this time.