



# **McKesson Corporation**

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

**Brian Tyler**

Chief Executive Officer

January 12, 2021



## Cautionary Statements

Except for historical information contained in this presentation, matters discussed may constitute “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, that involve risks and uncertainties that could cause actual results to differ materially from those in those statements. It is not possible to identify all such risks and uncertainties. The reader 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, the company undertakes no obligation to publicly update forward-looking statements. Forward-looking statements may be identified by their use of terminology such as “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “seeks”, “approximately”, “intends”, “plans”, “estimates” or the negative of these words or other comparable terminology. The discussion of financial trends, strategy, plans, assumptions or intentions may also include forward-looking statements. We encourage investors to read the important risk factors described in the company’s Form 10-K, Form 10-Q and Form 8-K reports filed with the Securities and Exchange Commission.

These risk factors include, but are not limited to: we experience costly and disruptive legal disputes, including regarding our role in distributing controlled substances such as opioids; we might experience losses not covered by insurance; we from time to time record significant charges from impairment to goodwill, intangibles 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 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 due to the effects of the COVID-19 pandemic 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 (including the effects we have experienced from the COVID-19 pandemic) or recession and by disruption in capital and credit markets that might impede our access credit, increase our borrowing costs and impair the financial soundness of our customers and suppliers; we might be adversely impacted by 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 and other catastrophic events; and we face uncertainties and risks related to vaccination distribution 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 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.



# **Our Vision:**

To improve care in every setting –  
one product, one partner,  
one patient at a time

# Favorable trends lead to continued growth in the U.S. healthcare market

## U.S. Market Dynamics

- 4.2%** Total Pharmaceutical Market Growth (5-year CAGR)<sup>1</sup>
- 12.5%** Oncology Market Growth (5-year CAGR)<sup>1</sup>
- 6** Biosimilar launches (2020)
- 12.0%** Access, Affordability & Adherence Market Growth<sup>2</sup>

## Favorable Trends



Innovative therapies



Shifting sites of care



Aging population



Value-based care



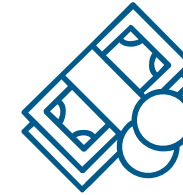
Digitization of healthcare

# Leading positions with differentiated assets and capabilities

Delivering  
**1/3** of all  
**prescription  
medicine**  
in North America



Facilitating **19B+** healthcare transactions,  
enabling **>\$5B** in annual prescription savings



Delivering **medical-surgical**  
supplies and services to  
**250,000+** customers



**#1 distributor** in  
**community oncology**  
and key specialties

Partnering with the  
**U.S. Government** to support  
**Operation Warp Speed**



Serving **over 10,000** physicians  
**each day** through Specialty Provider  
distribution and GPO services



**500+**  
biopharma brands  
served across  
**>94%** of  
therapeutic areas

More than **12,000**  
owned and banner  
pharmacies in Europe  
and Canada



Statistics as of March 31, 2020

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# Delivering on key priorities to maximize growth

## Strengthen the Core & Streamline the Business

- ✓ Completed Change Healthcare exit and created German wholesale JV with Walgreens Boots Alliance
- ✓ Grew FY20 Adjusted Operating Profit<sup>3</sup> across every segment
- ✓ Guiding to \$2.3B to \$2.7B of Free Cash Flow<sup>3,4</sup> in FY21, underpinned by focus on working capital efficiencies
- ✓ Realigned organizational structure to better serve customers and patients
- ✓ Operating as the centralized distributor of refrigerated and frozen COVID-19 vaccines and ancillary supply kits in the U.S.

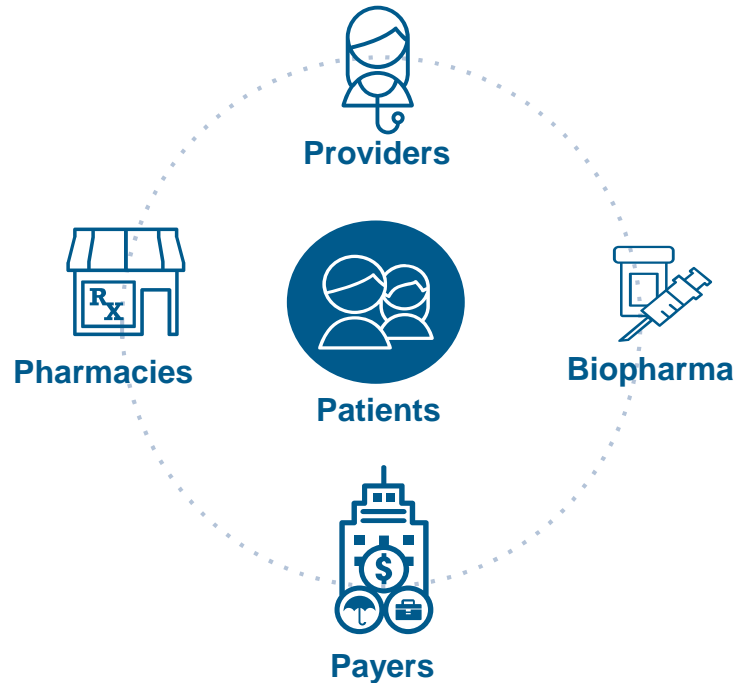
## Invest in Growth & New Opportunities

- ✓ Invested over \$100M<sup>5</sup> internally into Oncology and Biopharma Services assets to support future growth
- ✓ Launched **Ontada™**, an oncology technology and real-world insights business
- ✓ Expanded **Access for More Patients (AMP)** to transform patient access to specialty therapies
- ✓ Grew sourcing partnerships and laboratory distribution capabilities to meet demand resulting from COVID-19
- ✓ Advanced enterprise-wide data and analytics initiatives and technology modernization

See appendix for footnotes

# Executing a clear growth strategy to drive long-term value

## Oncology

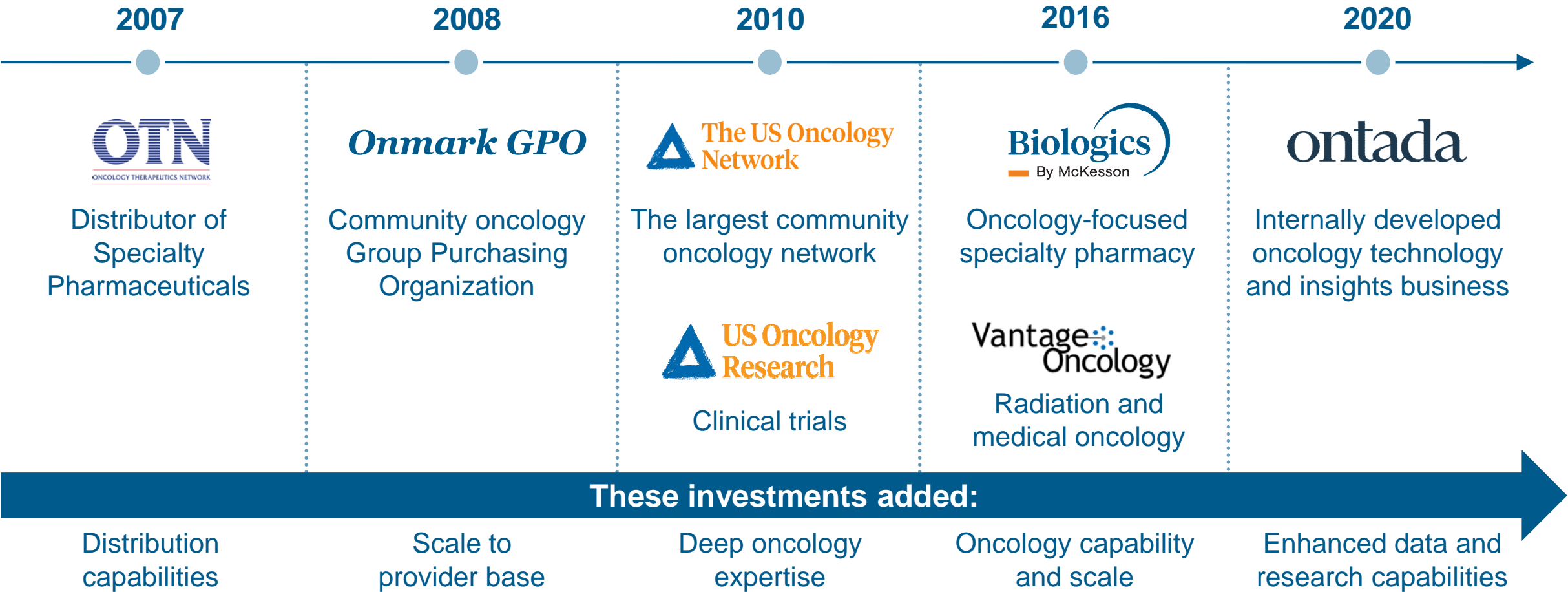


## Biopharma Services



Strengthening the core & streamlining the business  
enables further investment and innovation

# Targeted investments over time have enhanced our portfolio of leading and differentiated oncology assets





# Ontada: Delivering real-world insights for real-world impact



Ontada is a technology and insights business dedicated to transforming the fight against cancer

*Launched in December 2020*

## Value Proposition



Biopharma

Leveraging data and insights to accelerate innovation and better support the patient journey



Providers

Delivering evidence-driven care and improved outcomes for patients

**2,000+**

oncology providers use the iKnowMed<sup>SM</sup> EHR



**1.2M+**

patients treated annually within The US Oncology Network

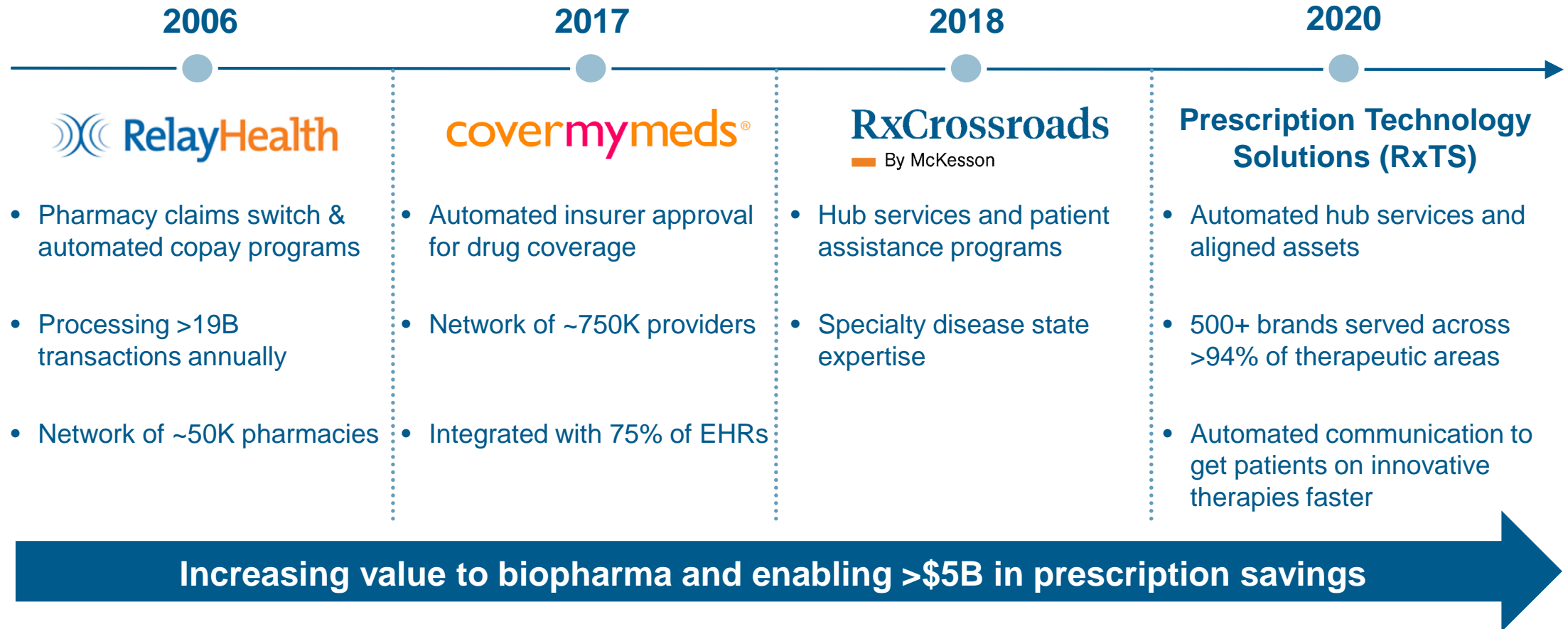


**2M+**

patient records available for research

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# Leading Biopharma Services assets create a powerful Prescription Technology Solutions business



# How McKesson has responded to the COVID-19 pandemic



## Our Team

- ✓ Extended medical benefits and expanded telehealth options for employees
- ✓ Invested approximately \$45M to support frontline employees and communities
- ✓ Mandatory telecommuting for office-based employees without sacrificing productivity
- ✓ Enhanced safety measures in our distribution centers and offices



## Supply Chain

- ✓ Expanded partnerships to secure additional product and meet incremental customer demand
- ✓ Brought critical supplies to the U.S. in two to three days versus 30 to 40 days
- ✓ Distributed critical product inventory to areas and sites of care with greatest need
- ✓ Zero production time lost across our distribution centers



## Vaccine Support

- ✓ Operating as the centralized distributor of refrigerated and frozen COVID-19 vaccines
- ✓ Managing the assembly of supply kits needed to administer COVID-19 vaccines
- ✓ Stood up nine distribution centers to support kitting and distribution operations
- ✓ On-target with U.S. Government's plans to assemble ancillary kits and distribute allocated vaccines

# We are amplifying our Sustainability & ESG strategy and action

## Recent Highlights

- Recognized for **diversity & inclusion** efforts in 2020:
  - Forbes: one of best employers for diversity
  - Disability Equality Index®
  - Human Rights Campaign
  - Military Friendly® Employer

- Appointed **Chief Impact Officer**

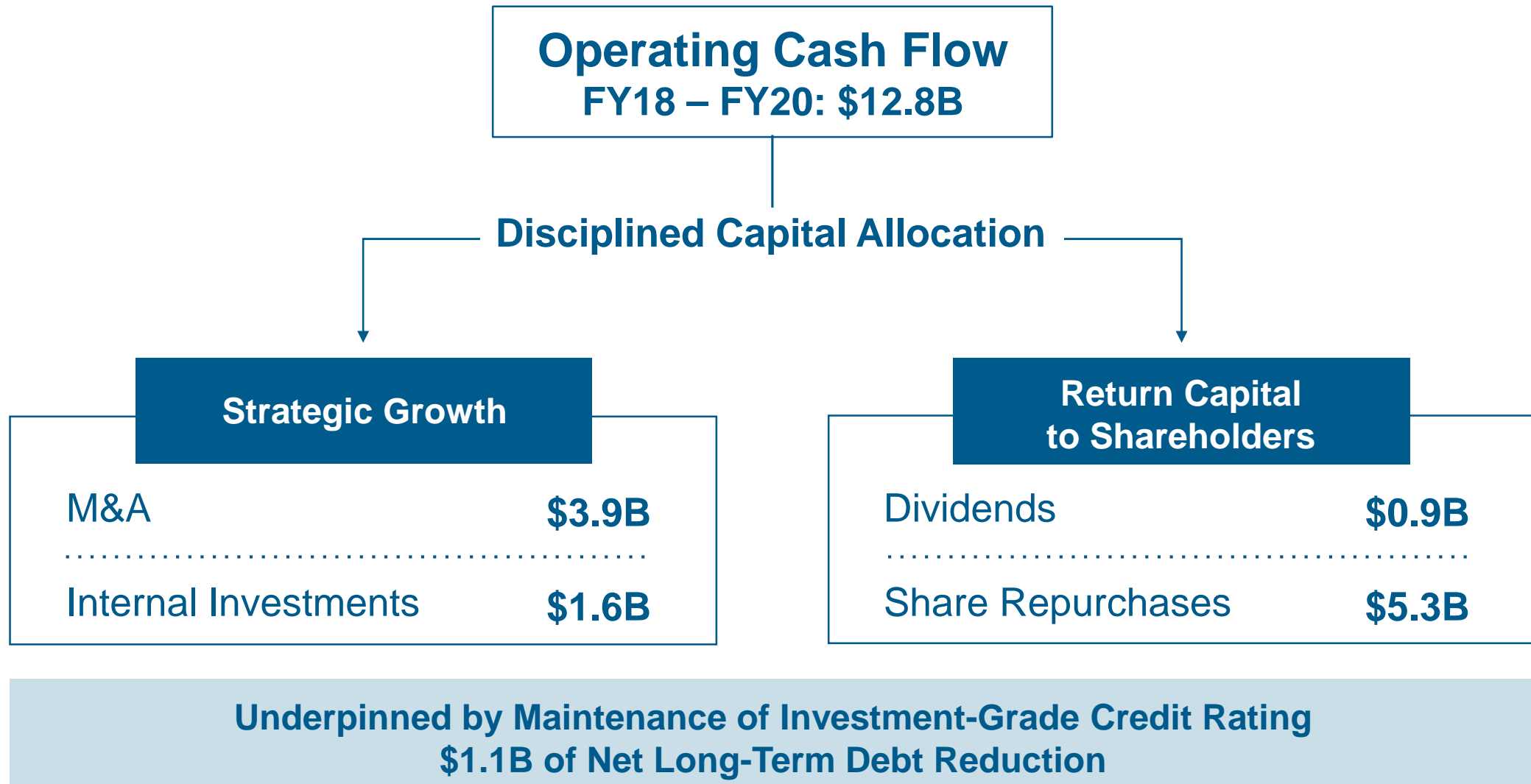
- **Women and people of color comprise** over 50% of our Board of Directors and 50% of our executive officers



- Joined the **UN Global Compact**, demonstrating commitment to making progress against the UN Sustainable Development Goals
- Entered into contract to purchase local, physical **renewable energy** for most of our locations in Texas
- On track to realize a 40% **reduction in lighting electricity** usage through expanded LED lighting

Advancing Sustainability & ESG across the enterprise to deliver greater value for both business and society

# Disciplined and balanced capital allocation approach



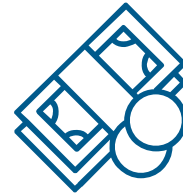
# McKesson delivers shareholder value



**Investing in  
Growth Areas**



**Driving  
Innovation**



**Focused Capital  
Deployment**



**Serving  
Communities**

**Transforming the culture for long-term success**

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# Appendix

<sup>1</sup> Source: IQVIA, National Sales Perspectives, December 2020. Five- year CAGR beginning 2015 and ending November 2020. IQVIA expressly reserves all rights, including rights of further copying, distribution and republication. McKesson does not warrant or represent the accuracy of IQVIA data or McKesson's interpretations of IQVIA data. Any subsequent use or interpretation of this data will be the liability of the receiving party and not of McKesson or IQVIA.

<sup>2</sup> Source: Bain Consulting analysis, market reports, internal market sizing. Three-year forward-looking CAGR beginning 2020 and ending 2023.

<sup>3</sup> This financial measure is a non-GAAP financial measure. For an explanation of this financial measure and a reconciliation to the most directly comparable GAAP measure, refer to our Investor Relations website at <https://www.investor.mckesson.com>.

<sup>4</sup> Reflects information as of November 3, 2020, based on assumptions then described.

<sup>5</sup> Figure includes capital expenditures and operating expenses for the period Q1 FY19 through Q2 FY21.