
McKesson Corporation

J.P. Morgan Healthcare Conference

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Brian Tyler

Chief Executive Officer



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, 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: changes in the healthcare industry and regulatory environment; fluctuations in foreign currency exchange rates; the impact of the Change Healthcare joint venture on the company’s results of operations; the company’s ability to manage and complete divestitures and distributions; material adverse resolution of pending legal proceedings, including those related to the distribution of controlled substances; cyberattack, natural disaster, or malfunction of sophisticated internal computer systems to perform as designed; and the potential inadequacy of insurance to cover property loss or liability claims.

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 under the “Investors” tab.



Our Vision:

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

The U.S. healthcare market continues to grow

U.S. Market Dynamics

4.2% Total Pharmaceutical Market Growth (5-year CAGR)¹

11.5% Specialty Market Growth (year-over-year)²

11-14% Oncology Therapeutics Growth (5-year CAGR)³

¹IQVIA™ Market Prognosis 2019-2023: North America – United States (September 2019)

²IQVIA Strategic Management Report. YOY growth for 12 months ending July 2019 (November 12, 2019)

³IQVIA Global Oncology Trends 2019: Therapeutics, Clinical Development and Health System Implications (May 2019)

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Favorable Trends



New drugs and therapies



Shifting sites of care



Evolving patient expectations



Value-based care



Need for simplification

McKesson at a glance



Distribution Scale

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

>12,000 owned and banner pharmacies across Canada and Europe

275,000+ SKUs of brand and private label **medical-surgical supplies**



Superior Specialty Assets

Support **1/3 of all cancer therapies through US Oncology Research**

76,000+ patients enrolled in over **1,600 clinical trials**

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



Manufacturer Services

More than **150 biopharma customers** served

Over **400** drug copay and voucher **patient savings programs** supported

Support over **90%** of **therapeutic areas**



Technology Differentiation

18B+ annual **pharmacy transactions** processed through RelayHealth

Connected to **payers** representing **94% of U.S. prescription volume**

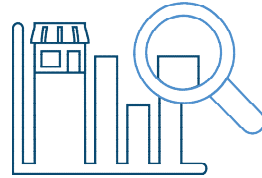
Integrated with **700,000+ providers** to initiate **prior authorization** at point of prescribing

Executing against clear priorities to drive growth



Growing our U.S. Pharmaceutical and Specialty Solutions segment

- Delivering segment adjusted operating profit growth in FY20



Investing in our strategic growth initiatives

- Specialty
- Manufacturer value proposition
- Data and analytics



Simplifying the business; increased focus and speed

- Transformational cost savings program
- Product development / innovation

Growing our U.S. Pharmaceutical & Specialty Solutions segment



Core distribution

- Renewed distribution agreement with CVS and selected by VA as prime pharmaceutical supplier
- Working capital efficiency gains and strong cash flow generation



Differentiated investments

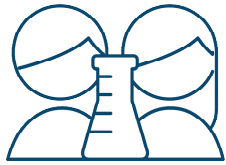
- Targeted growth investments in:
 - Specialty / Oncology
 - Manufacturer services
 - Data and analytics



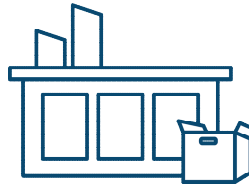
Expanding our specialty portfolio

- Participating in growing pipeline of immuno-oncology and other infusion products
- 101 new physicians joined The US Oncology Network in FY19

Investing in our strategic growth initiatives



Specialty



**Manufacturer value
proposition**



Data and analytics

Our differentiated specialty portfolio



Wholesale Distribution

- Retail
- Health systems
- McKesson Plasma & Biologics




Provider Solutions

- Distribution & GPO services
- Technology & analytics
- Value-added products & services



Practice Management

- Practice operations 
- Research & clinical trials
- Revenue cycle management
- Managed care & quality



McKesson Life Sciences

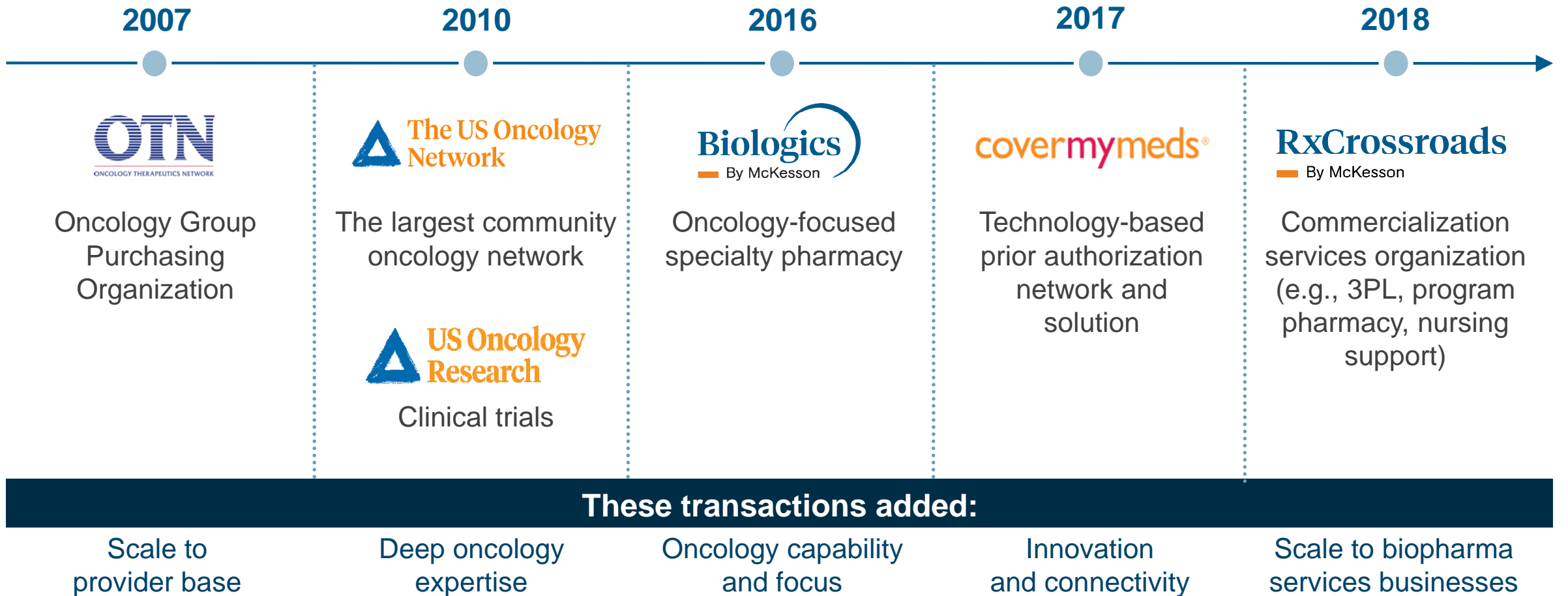
- Reimbursement & hub services
- Patient & drug support services
- Marketing services & clinical access
- Data analytics

RxCrossroads
By McKesson

Biologics
By McKesson

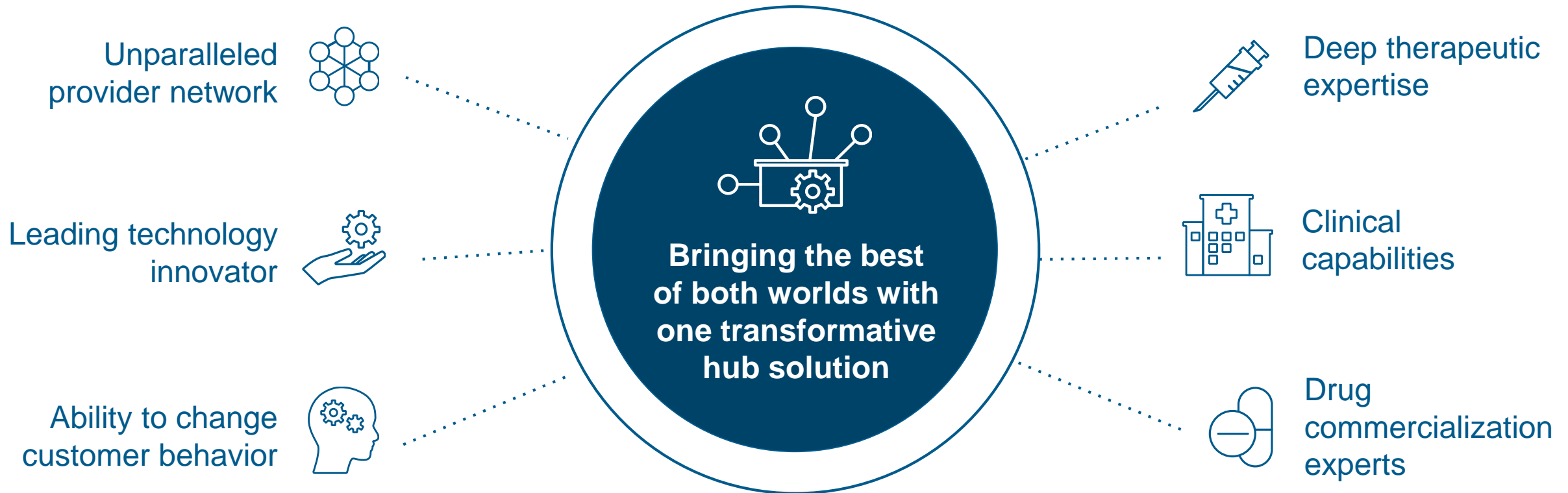
AMP:
Access for More
Patients™

Targeted investments over time have enhanced our portfolio of leading assets



AMP: Access for More Patients

covermymeds® + RxCrossroads
By McKesson



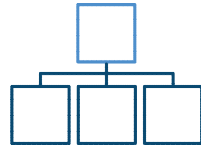
Technology-driven patient support solution cuts time to therapy by 27%

Simplifying the business and operating with increased focus and speed



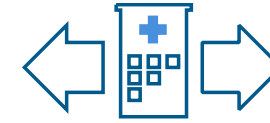
Driving transformation in the operating model

- On track to deliver \$400M – \$500M in gross cost savings by end of FY21
 - Executing on Spend Smart program
 - Utilizing technology, data & analytics
 - Standardized functional services



Invigorating the culture

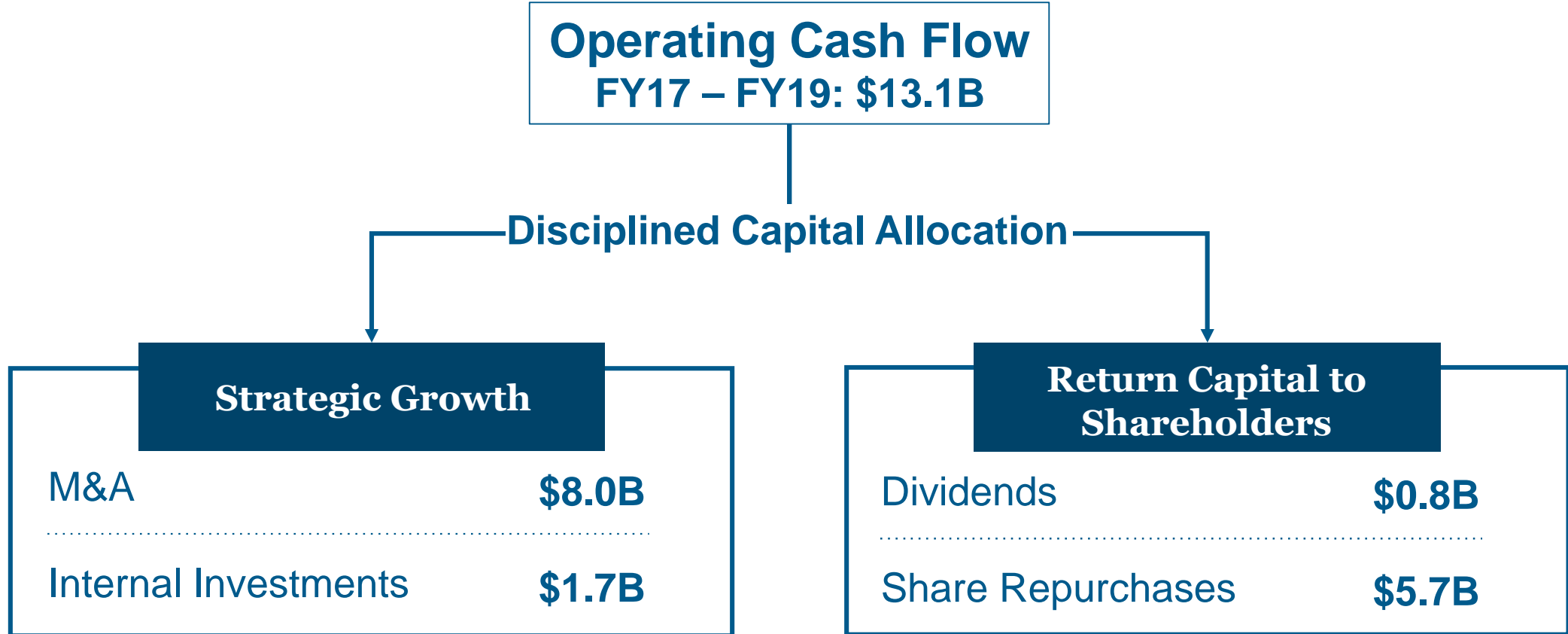
- Established global headquarters in Irving, Texas
- Executing smooth leadership transitions
- Reshaped Board with new, diverse members
- Alignment around strategy and how we work together



Evolving the portfolio

- Focused M&A driven by strategy and growth
- Change Healthcare exit activities underway
- Divested McKesson Patient Care Solutions
- Creating JV in Germany with Walgreens Boots Alliance

Disciplined and balanced capital allocation approach



Underpinned by Maintenance of Investment-Grade Credit Rating

FY20 guidance reflects our continued confidence in our outlook



Full-year outlook

Updated FY20 adjusted EPS of **\$14.60 – \$14.80¹**

Guiding to adjusted operating **profit growth** across every segment



Focused investments

Utilizing a portion of savings from cost initiatives to **reinvest and extend** our leading positions



Healthy free cash flow

Strong balance sheet and **cash flow generation**



Change Healthcare

Tax-efficient exit of investment underway to **unlock value** for shareholders

¹“Adjusted EPS” is not defined under GAAP and is considered non-GAAP financial information. Refer to slide 2 for additional information.

How McKesson will drive value



Accelerating Growth

Business transformation initiatives

Focused investments

Culture evolution



Rapidly Driving Innovation

Focusing on our differentiated assets and capabilities

New products and innovation



Disciplined Capital Deployment

Committed to delivering shareholder returns

Maintenance of investment-grade credit rating



Executing our Strategy

Expanding our capabilities in specialty and manufacturer services

Revised FY20 adjusted EPS guidance range



McKESSON