

Cardinal Health

Annual Meeting of Shareholders

George S. Barrett
Chairman and Chief Executive Officer
November 8, 2017



CardinalHealth
Essential to care™

*Logistics
Product
Business
Patient*

Forward-looking statements and GAAP reconciliation



This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include competitive pressures in Cardinal Health's various lines of business; the amount or rate of pharmaceutical price appreciation or deflation and the timing of and benefit from generic pharmaceutical introductions; the ability to maintain the benefits from the generic sourcing venture with CVS Health; risks associated with the recently completed acquisition of the Patient Recovery business, including the ability to retain the acquired businesses' customer and employees, the ability to successfully integrate the acquired business into our operations and the ability to achieve the expected synergies as well as accretion in earnings; the risk of non-renewal or a default under one or more key customer or supplier arrangements or changes to the terms of or level of purchases under those arrangements; uncertainties due to government health care reform including proposals to modify or repeal the Affordable Care Act; uncertainties with respect to U.S. tax or trade laws; changes in the distribution patterns or reimbursement rates for health care products and services; the effects of any investigation or action by any regulatory authority, including litigation related to opioid distribution; and changes in foreign currency rates and the cost of commodities such as oil-based resins, cotton, latex and diesel fuel. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of Nov. 8, 2017. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward-looking statement. In addition, this presentation contains Non-GAAP financial measures. Cardinal Health provides definitions and reconciliations of the differences between the Non-GAAP financial measures and their most directly comparable GAAP financial measures in the Financial Appendix at the end of this presentation and at ir.cardinalhealth.com.

Agenda



I. Call to order

II. Matters to be acted upon

Proposal 1 – Election of directors

Proposal 2 – Ratification of Ernst & Young LLP as independent auditor

Proposal 3 – Advisory vote to approve the compensation of our named executive officers

Proposal 4 - Advisory vote on frequency of future advisory votes to approve executive compensation

Proposal 5 – Shareholder proposal to urge the board of directors to adopt a policy that the chairman of the board be an independent director

Proposal 6 – Shareholder proposal to request that the board of directors adopt a bylaw provision restricting management’s access to vote tallies prior to the annual meeting with respect to certain executive pay matters

III. Voting results

IV. Conclusion of meeting

V. Management’s report

VI. Questions and answers

Leadership succession plan



Essential facts about Cardinal Health

A global, integrated healthcare products & services company

We're in
NEARLY
of U.S.
hospitals

85%



Serving more than

24,000
PHARMACIES



We support more than

40,000

physician offices nationwide

WE MANUFACTURE OR SOURCE
nearly **400,000** **UNIQUE**
PRODUCTS
to support patients across the continuum of care



In home healthcare, we serve

2 million
patients
with nearly **50,000**
products



WE SERVE
more than **10,000**
specialty physician offices and clinics



\$129 billion

revenues in FY17

We operate in

60

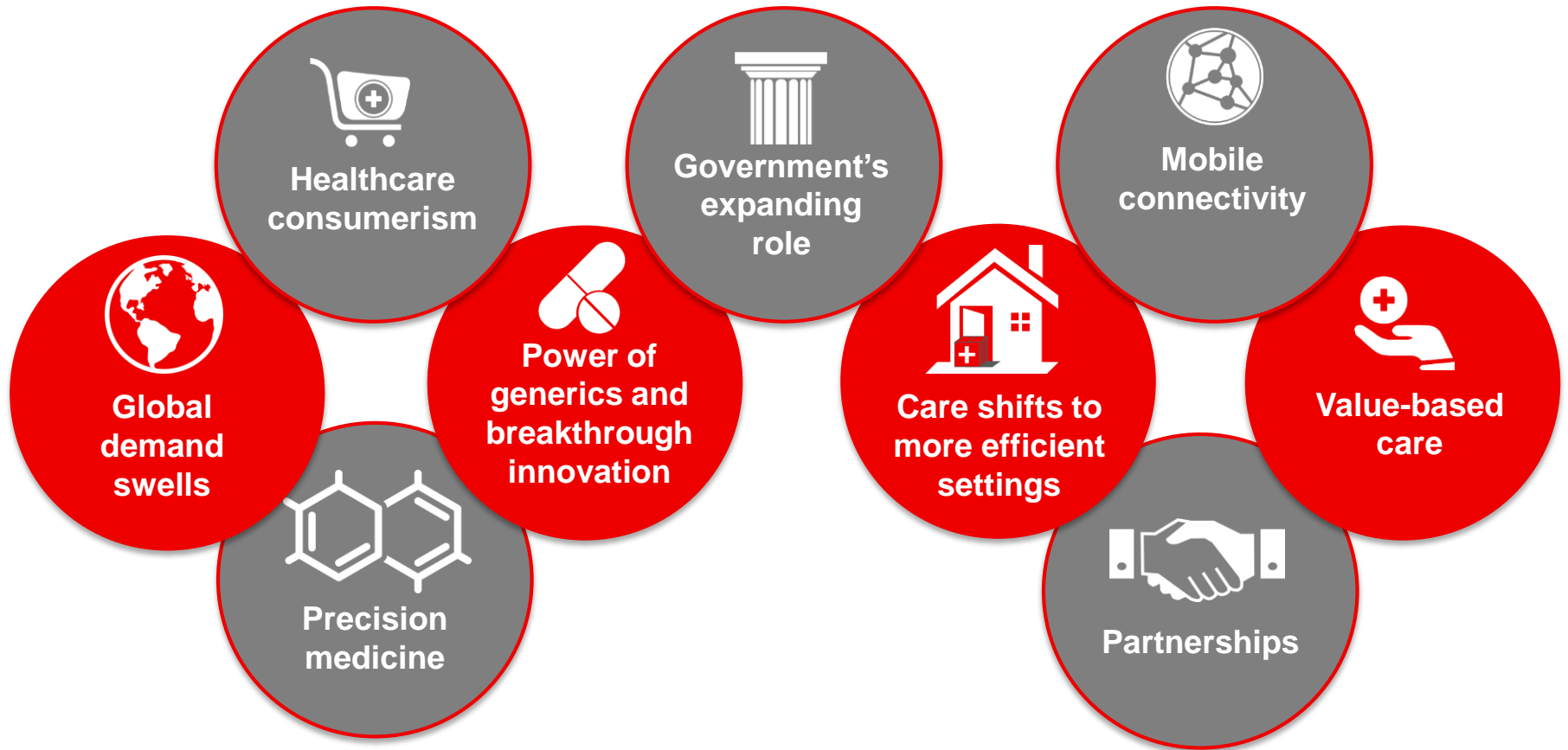
countries

Aproximately

50,000

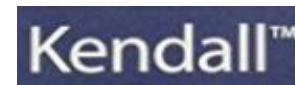
employees worldwide

Healthcare trends



Patient Recovery business

- Excellent fit with key product lines and strategies
 - Expands product breadth and reputation
 - Enhances existing portfolio
 - Increases scale
 - Builds on geographic reach
 - Expands channel reach
 - Aligns with powerful demographic trends
- Attractive economics; enhances enterprise growth characteristics and is margin-accretive and a strong cash generator
- Great people; outstanding commercial teams



FY17 financial summary



GAAP Basis (\$M)

	FY17	FY16
Revenue <i>% change</i>	\$129,976 <i>7% increase YoY</i>	\$121,546 <i>19% increase YoY</i>
Gross Margin <i>% change</i> <i>Ratio to revenue</i>	\$6,544 <i>0% increase YoY</i> <i>5.03%</i>	\$6,543 <i>15% increase YoY</i> <i>5.38%</i>
Operating Earnings <i>% change</i> <i>Ratio to revenue</i>	\$2,120 <i>14% decrease YoY</i> <i>1.63%</i>	\$2,459 <i>14% increase YoY</i> <i>2.02%</i>
Net Earnings¹ <i>% change</i> <i>Ratio to revenue</i>	\$1,288 <i>10% decrease YoY</i> <i>0.99%</i>	\$1,427 <i>18% increase YoY</i> <i>1.17%</i>
Diluted EPS¹ <i>% change</i>	\$4.03 <i>7% decrease YoY</i>	\$4.32 <i>20% increase YoY</i>

Non-GAAP Basis (\$M)

	FY17	FY16
	N/A	N/A
	\$6,544 <i>0% increase YoY</i> <i>5.03%</i>	\$6,543 <i>15% increase YoY</i> <i>5.38%</i>
	\$2,769 <i>4% decrease YoY</i> <i>2.13%</i>	\$2,895 <i>17% increase YoY</i> <i>2.38%</i>
	\$1,727 <i>0% decrease YoY</i> <i>1.33%</i>	\$1,732 <i>18% increase YoY</i> <i>1.42%</i>
	\$5.40 <i>3% increase YoY</i>	\$5.24 <i>20% increase YoY</i>

¹Attributable to Cardinal Health, Inc.

Please see appendix for GAAP to Non-GAAP reconciliations.

Strong long-term performance

We have delivered strong performance and are executing a well-developed strategy focused on long-term shareholder value creation

Sustained strong financial performance over five years

The growth presented below reflects fiscal 2012 compared to fiscal 2017.

DILUTED EPS FROM CONTINUING OPERATIONS GROWTH

GAAP
5.7%
CAGR

Non-GAAP¹
11.0%
CAGR

TOTAL SHAREHOLDER RETURN

106.2%

OPERATING EARNINGS GROWTH

GAAP
3.4%
CAGR

Non-GAAP¹
8.2%
CAGR

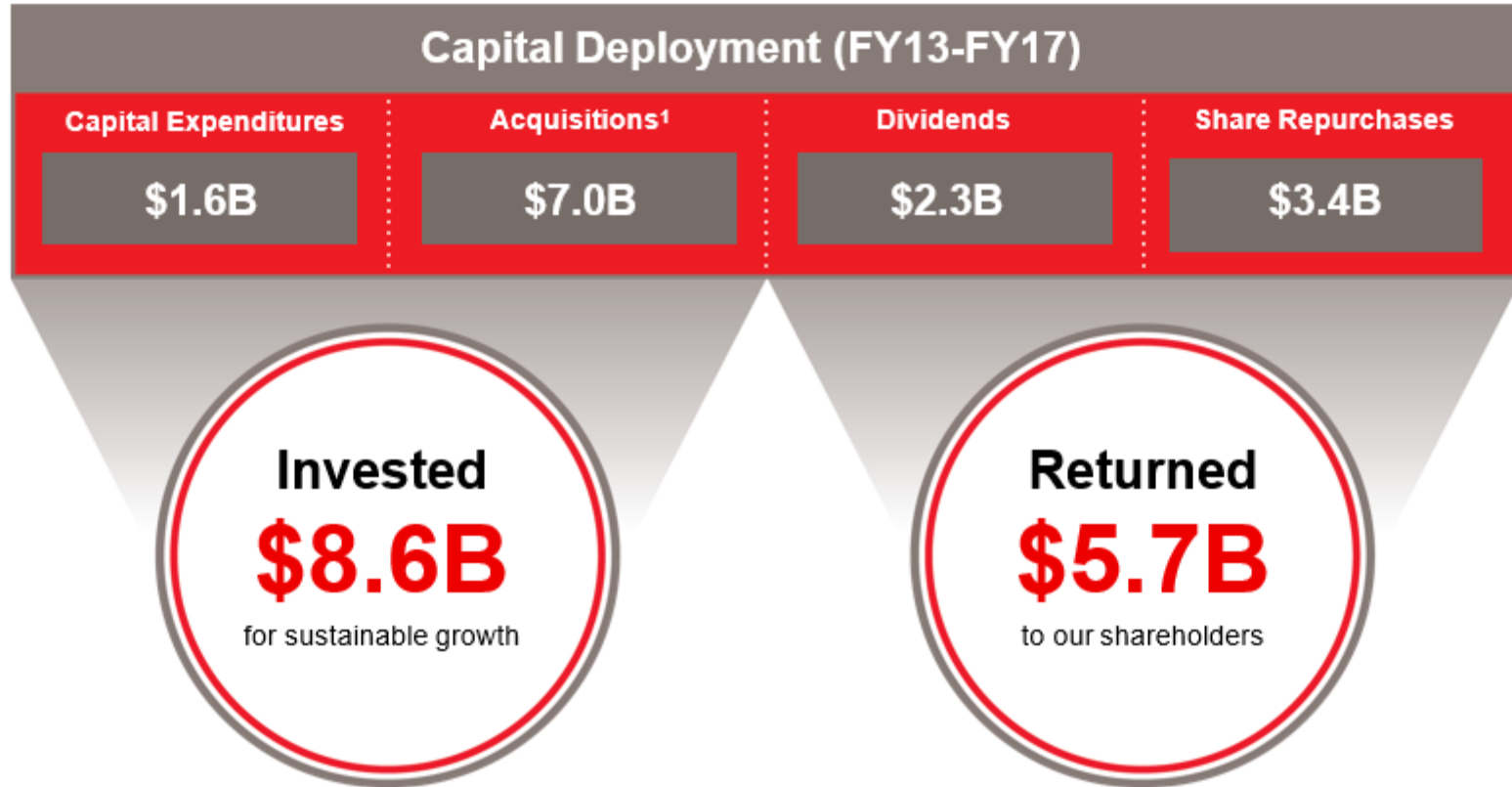
DIVIDEND PER SHARE GROWTH

16%
CAGR

¹See pages 18 through 20 of our Form 10-K for the fiscal year ended June 30, 2017 for an explanation of the reasons why we use non-GAAP financial measures and reconciliations to the most directly comparable measures calculated under U.S. Generally Accepted Accounting Principles.

Thoughtful approach with capital

We are focused on **balanced capital deployment** and **consistent returns to shareholders**



¹Acquisitions are net of divestitures; does not include \$6.1B deployed for the Patient Recovery Business which closed on July 29, 2017.



Thank you



Questions

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2017								
GAAP	\$ 2,120	(14)%	\$ 1,924	\$ 630	\$ 1,288	(10)%	\$ 4.03	(7)%
Restructuring and employee severance	56		56	20	36		0.11	
Amortization and other acquisition-related costs	527		527	165	362		1.13	
Impairments and (gain)/loss on disposal of assets	18		18	6	12		0.04	
Litigation (recoveries)/charges, net	48		48	19	29		0.09	
Non-GAAP	\$ 2,769	(4)%	\$ 2,572	\$ 839	\$ 1,727	-	\$ 5.40	3 %

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2016								
GAAP	\$ 2,459	14 %	\$ 2,276	\$ 845	\$ 1,427	18 %	\$ 4.32	20 %
Restructuring and employee severance	25		25	9	16		0.05	
Amortization and other acquisition-related costs	459		459	143	316		0.96	
Impairments and (gain)/loss on disposal of assets	21		21	6	15		0.04	
Litigation (recoveries)/charges, net	(69)		(69)	(27)	(42)		(0.13)	
Non-GAAP	\$ 2,895	17 %	\$ 2,711	\$ 976	\$ 1,732	18 %	\$ 5.24	20 %

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2015								
GAAP	\$ 2,161	15 %	\$ 1,967	\$ 755	\$ 1,212	4 %	\$ 3.61	7 %
Restructuring and employee severance	44		44	15	29		0.09	
Amortization and other acquisition-related costs	281		281	100	181		0.54	
Impairments and (gain)/loss on disposal of assets	(19)		(19)	(10)	(9)		(0.03)	
Litigation (recoveries)/charges, net	5		5	(14)	19		0.06	
Loss on extinguishment of debt	-		60	23	37		0.11	
Non-GAAP	\$2,472	16 %	\$2,339	\$870	\$1,469	11 %	\$4.38	14 %

¹attributable to Cardinal Health, Inc.

The sum of the components may not equal the total due to rounding.

We generally apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2014								
GAAP	\$ 1,885	89 %	\$ 1,798	\$ 635	\$ 1,163	247 %	\$ 3.37	247 %
Restructuring and employee severance	31		31	11	20		0.06	
Amortization and other acquisition-related costs	223		223	79	144		0.42	
Impairments and (gain)/loss on disposal of assets	15		15	5	10		0.03	
Litigation (recoveries)/charges, net	(21)		(21)	(8)	(13)		(0.04)	
Non-GAAP	\$ 2,133	4 %	\$ 2,047	\$ 722	\$ 1,324	3 %	\$ 3.84	3 %

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2013								
GAAP	\$ 996	(44)%	\$ 888	\$ 553	\$ 335	(69)%	\$ 0.97	(68)%
Restructuring and employee severance	71		71	27	44		0.13	
Amortization and other acquisition-related costs	158		158	52	106		0.31	
Impairments and (gain)/loss on disposal of assets	859		859	37	822		2.39	
Litigation (recoveries)/charges, net	(38)		(38)	(15)	(23)		(0.07)	
Non-GAAP	\$ 2,046	10 %	\$ 1,938	\$ 654	\$ 1,284	15 %	\$ 3.73	16 %

	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ¹	Net Earnings ¹ Growth Rate	Diluted EPS ¹	Diluted EPS ¹ Growth Rate
<u>(in millions, except per common share amounts)</u>								
Fiscal Year 2012								
GAAP	\$ 1,792	18 %	\$ 1,698	\$ 628	\$ 1,070	11 %	\$ 3.06	12 %
Restructuring and employee severance	21		21	8	13		0.04	
Amortization and other acquisition-related costs	33		33	9	24		0.07	
Impairments and (gain)/loss on disposal of assets	21		21	8	13		0.04	
Litigation (recoveries)/charges, net	(3)		(3)	(1)	(2)		(0.01)	
Other spin-off costs	2		2	1	1		-	
Non-GAAP	\$1,866	13 %	\$1,772	\$653	\$1,119	13 %	\$3.21	15 %

¹attributable to Cardinal Health, Inc.

The sum of the components may not equal the total due to rounding.

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Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation¹

<u>(in millions, except per common share amounts)</u>	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes	Provision for Income Taxes	Net Earnings ²	Net Earnings ² Growth Rate	Diluted EPS ²	Diluted EPS ² Growth Rate
First Quarter 2018								
GAAP	\$ 262	(51)%	\$ 178	\$ 61	\$ 115	(63)%	\$ 0.36	(63)%
Restructuring and employee severance	132		132	47	85		0.27	
Amortization and other acquisition-related costs	183		183	58	125		0.40	
Impairments and (gain)/loss on disposal of assets	1		1	-	1		-	
Litigation (recoveries)/charges, net	32		32	13	19		0.06	
Loss on extinguishment of debt	-		1	1	-		-	
Non-GAAP	\$ 610	(9)%	\$ 527	\$ 180	\$ 346	(13)%	\$ 1.09	(12)%
First Quarter 2017								
GAAP	\$ 535	(14)%	\$ 494	\$ 184	\$ 309	(19)%	\$ 0.96	(17)%
Restructuring and employee severance	9		9	4	5		0.02	
Amortization and other acquisition-related costs	122		122	40	82		0.25	
Impairments and (gain)/loss on disposal of assets	3		3	1	2		0.01	
Litigation (recoveries)/charges, net	1		1	-	1		-	
Non-GAAP	\$ 669	(9)%	\$ 629	\$ 229	\$ 399	(13)%	\$ 1.24	(10)%

¹For more information on these measures, refer to the Use of Non-GAAP Financial Measures and Definitions schedules

²attributable to Cardinal Health, Inc.

The sum of the components may not equal the total due to rounding.

We generally apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.