Q3 FY17 Investor fact sheet

CardinalHealth™

Key facts about Cardinal Health (CAH)

We are a global healthcare services company who ranks among the top 25 on the Fortune 500

We apply nearly 100 years of experience to reduce total cost of healthcare and to improve patient lives

Our enormous scale and experience leads to solutions across the entire healthcare continuum - from hospital to home and everywhere in between

Our deep and broad product and service offerings are delivered through logistics, business, product and patient solutions

Q3 FY17 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	Q3 FY17	Q3 FY16	Q3 FY17	Q3 FY16
Revenue *% change*	**$31,821** *4% increase YoY*	**$30,662** 21% increase YoY	N/A	N/A
Operating Earnings % change Ratio to revenue	**$605** 8% decrease YoY 1.90%	**$656** 11% increase YoY 2.14%	**$759** 4% decrease YoY 2.39%	**$788** 20% increase YoY 2.57%
Diluted EPS[1] % change	**$1.20** 3% increase YoY	**$1.17** 7% increase YoY	**$1.53** 7% increase YoY	**$1.43** 20% increase YoY

[1]*Attributable to Cardinal Health*
Please see appendix for GAAP to Non-GAAP reconciliations.

Q3 FY17 segment performance

	Q3 FY17 ($M)	Q3 FY16 ($M)	YOY Change
Pharma Revenue	**$28,406**	**$27,527**	**3%**
Pharma Segment Profit	**$611**	**$660**	**(7)%**
	Q3 FY17 ($M)	**Q3 FY16 ($M)**	**YOY Change**
Medical Revenue	**$3,418**	**$3,138**	**9%**
Medical Segment Profit	**$148**	**$128**	**16%**

Key topics from the Quarter

On April 18th, announced intent to acquire Medtronic's Patient Recovery Business for $6.1B

Reaffirms FY 2017 non-GAAP EPS to be at the bottom of its previous guidance range of $5.35 to $5.50

EPS benefitted from a lower effective tax rate and fewer weighted average shares outstanding

Named on Fortune's 2017 "World's Most Admired Companies" list

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Pharmaceutical segment YTD[1] ($M)

Revenue **$86,911**
Segment Profit **$1,682**

FY17 assumptions from May 1, 2017 earnings call

- Mid-to-high single digit percentage increase in revenue versus prior year
- Full-year segment profit down low-double digits versus prior year
- Loss of the Safeway contract, which expired on March 31, 2016
- Generic drug price assumption of low-double digit deflation for full fiscal year
- Brand drug manufacturer price assumption of 7% to 9% inflation for full fiscal year
- Increased expense related to investment in information systems to support growth
- Incremental contribution from new generic launches, but Y-o-Y benefit significantly less
- Incremental contribution from Red Oak Sourcing, but Y-o-Y benefit significantly less
- Additional contributions from Metro Medical and Harvard Drug Group
- Double-digit revenue and profit growth from both Specialty and Cardinal Health China[2]

[2]Cardinal Health China reports in both segments, but primarily contributes to the Pharmaceutical segment; growth is on a local currency basis

Medical segment YTD[1] ($M)

Revenue **$10,107**
Segment Profit **$435**

FY17 assumptions from May 1, 2017 earnings call

- High-single digit percentage increase in revenue vs. prior year
- Double-digit segment profit growth vs. prior year
- Cordis accretive by >$0.15 vs. prior year; net of transaction-related interest expense of $0.07-$0.08; increasingly accretive thereafter
- Above-market revenue growth in Cardinal Health at Home
- Double-digit profit growth from Cardinal Health Brand products

[1]Nine months ended 3/31/17

Red font indicates a change since previous guidance.

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Forward-looking statements and GAAP reconciliation

This investor fact sheet 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, trends 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 generic and branded 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; the ability to successfully complete the acquisition of the Patient Recovery businesses from Medtronic on a timely basis, including obtaining required regulatory approvals and the satisfaction of other conditions; the conditions of the credit markets and our ability to issue debt to fund the acquisition on acceptable terms; if the acquisition of the Patient Recovery businesses is completed, the ability to retain the acquired businesses' customers and employees, the ability to successfully integrate the acquired businesses into our operations and the ability to achieve the expected synergies as well as accretion in earnings; risks associated with the anticipated increase of indebtedness and potential limitations on our ability to use our cash for other purposes; our ability to successfully integrate and realize the benefits from the acquisition of Cordis; 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, including proposals relating to a "border adjustment tax" or new import tariffs; 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; 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 investor fact sheet reflects management's views as of May 1, 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 investor fact sheet contains Non-GAAP financial measures. Cardinal Health provides reconciliations of the differences between the Non-GAAP financial measures and their most directly comparable GAAP financial measures at the end of this investor fact sheet and at ir.cardinalhealth.com.

Cardinal Health, Inc. and Subsidiaries

Forward-Looking Non-GAAP Measures

In this investor fact sheet, the Company presents its outlook for fiscal 2017 non-GAAP EPS. The Company does not provide EPS outlook, which is the most directly comparable GAAP measure to non-GAAP EPS, because changes in the items that the Company excludes from GAAP EPS to calculate this measure can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Additionally, due to their unpredictability, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on EPS outlook numbers.

The timing and amount of any of the excluded items could significantly impact the Company's fiscal 2017 EPS. Over the past five fiscal years, the excluded items have lowered the Company's EPS from $0.14 to $2.76, which includes a goodwill impairment charge of $2.32 per share related to our Nuclear Pharmacy Services division that we recognized in fiscal 2013.

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

(in millions, except per common share amounts)	Gross Margin	Gross Margin Growth Rate	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
					Third Quarter 2017					
GAAP	**$ 1,728**	**2 %**	**$ 605**	**(8)%**	**$ 564**	**$ 182**	**$ 381**	**(1)%**	**$ 1.20**	**3 %**
LIFO charges/(credits)	**(9)**		**(9)**		**(9)**	**(4)**	**(5)**		**(0.02)**	
Restructuring and employee severance	**-**		**15**		**15**	**6**	**9**		**0.03**	
Amortization and other acquisition-related costs	**-**		**128**		**128**	**41**	**87**		**0.27**	
Impairments and (gain)/loss on disposal of assets	**-**		**2**		**2**	**-**	**2**		**0.01**	
Litigation (recoveries)/charges, net	**-**		**18**		**18**	**7**	**11**		**0.03**	
Non-GAAP	**$ 1,719**	**1 %**	**$ 759**	**(4)%**	**$ 718**	**$ 232**	**$ 485**	**3 %**	**$ 1.53**	**7 %**
					Third Quarter 2016					
GAAP	$ 1,689	16 %	$ 656	11 %	$ 612	$ 226	$ 386	6 %	$ 1.17	7 %
LIFO charges/(credits)	12		12		12	4	8		0.02	
Restructuring and employee severance	-		6		6	2	4		0.01	
Amortization and other acquisition-related costs	-		108		108	37	71		0.21	
Impairments and (gain)/loss on disposal of assets	-		-		-	-	-		-	
Litigation (recoveries)/charges, net	-		5		5	2	3		0.01	
Non-GAAP	$ 1,702	17 %	$ 788	20 %	$ 744	$ 272	$ 472	19 %	$ 1.43	20 %

[1] attributable to Cardinal Health, Inc.

[2] GAAP diluted EPS for the three months ended March 31, 2017 compared to the prior year period was favorably impacted by $0.13, which includes $0.08 due to change in the effective tax rate and $0.05 due to the change in weighted average shares outstanding. The change in GAAP diluted EPS due to the effective tax rate is calculated as ((GAAP Earnings before Income Taxes for the current period times (one minus the current period GAAP Effective Tax Rate)) minus (GAAP Earnings before Income Taxes for the current period times (one minus the prior period GAAP Effective Tax Rate))) divided by the current period weighted average shares outstanding. The change in GAAP diluted EPS due to the weighted average shares outstanding is calculated as (GAAP Net Earnings for the current period divided by the current period weighted average shares outstanding) minus (GAAP Net Earnings for the current period divided by the prior period weighted average shares outstanding).

[3] Non-GAAP diluted EPS for the three months ended March 31, 2017 compared to the prior year period was favorably impacted by $0.16, which includes $0.10 due to change in the effective tax rate and $0.06 due to the change in weighted average shares outstanding. The change in Non-GAAP diluted EPS due to the effective tax rate is calculated as ((Non-GAAP Earnings before Income Taxes for the current period times (one minus the current period Non-GAAP Effective Tax Rate)) minus (Non-GAAP Earnings before Income Tax for the current period times (one minus the prior period Non-GAAP Effective Tax Rate))) divided by the current period weighted average shares outstanding. The change in Non-GAAP diluted EPS due to the weighted average shares outstanding is calculated as (Non-GAAP Net Earnings for the current period divided by the current period weighted average shares outstanding) minus (Non-GAAP Net Earnings for the current period divided by the prior period weighted average shares outstanding).

The sum of the components may not equal the total due to rounding.
We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.
There were no losses on extinguishment of debt during the periods presented.