Q4 FY2017

Cardinal Health, Inc. Earnings Investor/Analyst call

August 2, 2017

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Forward-looking statements and GAAP reconciliation

Cautions Concerning Forward-Looking Statements

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 Medtronic's Patient Recovery Business, including 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; 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 governmental or regulatory authority, including litigation relating 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 August 2, 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 measurers and their most directly comparable GAAP financial measurers in the Financial Appendix at the end of this presentation and at ir.cardinalhealth.com. An audio replay of this webcast will be available at ir.cardinalhealth.com.

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Q4 and FY2017 results

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Q4 FY17 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	Q4 FY17	Q4 FY16	Q4 FY17	Q4 FY16
Revenue *% change*	**$32,966** *5% increase YoY*	**$31,384** *14% increase YoY*	N/A	N/A
Gross Margin *% change* *Ratio to revenue*	**$1,623** *3% decrease YoY* *4.92%*	**$1,665** *14% increase YoY* *5.31%*	**$1,623** *1% increase YoY* *4.92%*	**$1,614** *11% increase YoY* *5.14%*
Operating Earnings *% change* *Ratio to revenue*	**$439** *29% decrease YoY* *1.33%*	**$620** *11% increase YoY* *1.98%*	**$640** *1% decrease YoY* *1.94%*	**$643** *5% increase YoY* *2.05%*
Net Earnings[1] *% change* *Ratio to revenue*	**$274** *18% decrease YoY* *0.83%*	**$333** *14% increase YoY* *1.06%*	**$416** *12% increase YoY* *1.26%*	**$372** *12% increase YoY* *1.18%*
Diluted EPS[1] *% change*	**$0.86** *16% decrease YoY*	**$1.02** *16% increase YoY*	**$1.31** *15% increase YoY*	**$1.14** *14% increase YoY*

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

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Q4 FY17 Pharmaceutical segment business analysis

	Q4 FY17 ($M)	Q4 FY16 ($M)	YoY Change
Revenue	$29,552	$28,177	5%
Segment Profit	$505	$542	(7)%
Segment Profit Margin	1.71%	1.93%	-22 bps

Highlights:

- **Revenue** for the Pharmaceutical segment increased 5 percent to $29.6 billion due to growth from Pharmaceutical Distribution customers and strong performance from the Specialty Solutions business.
- **Segment profit** for the quarter decreased 7 percent to $505 million. This decrease was driven by generic pharmaceutical pricing and the company's ongoing investment in its Pharmaceutical IT platform. These were partially offset by solid performance from Red Oak Sourcing.
- **Segment profit margin rate** decreased largely due to generic pharmaceutical pricing.

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

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Q4 FY17 Medical segment business analysis

	Q4 FY17 ($M)	Q4 FY16 ($M)	YoY Change
Revenue	$3,416	$3,210	6%
Segment Profit	$138	$122	13%
Segment Profit Margin	4.03%	3.81%	+22 bps

Highlights:

- **Revenue** for the Medical segment increased 6 percent to $3.4 billion driven by contributions from new and existing customers.
- **Segment profit** for the quarter increased 13 percent to $138 million reflecting solid performance from post-acute solutions, favorability from compensation-related items and growth in distribution services. These were partially offset by performance in Cardinal Health Branded products (including Cordis).
- **Segment profit margin rate** increased due to the same factors mentioned above.

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Q4 FY17 GAAP to non-GAAP adjustments[1]

	Q4 FY 2017				Q4 FY 2016			
	Gross Margin ($M)	Operating Earnings ($M)	Net Earnings[2] ($M)	Diluted EPS[2]	Gross Margin ($M)	Operating Earnings ($M)	Net Earnings[2] ($M)	Diluted EPS[2]
GAAP	**$1,623**	**$439**	**$274**	**$0.86**	**$1,665**	**$620**	**$333**	**$1.02**
LIFO charges/(credits)	-	-	-	-	(51)	(51)	(31)	(0.10)
Restructuring and employee severance	-	24	15	0.05	-	6	4	0.01
Amortization and other acquisition-related costs	-	163	118	0.37	-	132	104	0.32
Impairments and (gain)/loss on disposal of assets	-	3	2	0.01	-	3	3	0.01
Litigation (recoveries)/charges, net	-	11	7	0.02	-	(66)	(41)	(0.13)
Non-GAAP	**$1,623**	**$640**	**$416**	**$1.31**	**$1,614**	**$643**	**$372**	**$1.14**
Amortization of acquisition-related intangible assets[3]	-	$101	$74	$0.23	-	$99	$68	$0.21

[1]Please see appendix for GAAP to Non-GAAP reconciliations.
[2]Attributable to Cardinal Health, Inc.
[3]Amortization of acquisition-related intangible assets is included in Amortization and other acquisition-related costs.

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

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FY17 financial summary

	GAAP Basis ($M)		Non-GAAP Basis ($M)	
	FY17	FY16	FY17	FY16
Revenue *% change*	**$129,976** *7% increase YoY*	**$121,546** *19% increase YoY*	N/A	N/A
Gross Margin *% change* *Ratio to revenue*	**$6,544** *0% increase YoY* *5.03%*	**$6,543** *15% increase YoY* *5.38%*	**$6,544** *0% increase YoY* *5.03%*	**$6,543** *15% increase YoY* *5.38%*
Operating Earnings *% change* *Ratio to revenue*	**$2,120** *14% decrease YoY* *1.63%*	**$2,459** *14% increase YoY* *2.02%*	**$2,769** *4% decrease YoY* *2.13%*	**$2,895** *17% increase YoY* *2.38%*
Net Earnings[1] *% change* *Ratio to revenue*	**$1,288** *10% decrease YoY* *0.99%*	**$1,427** *18% increase YoY* *1.17%*	**$1,727** *0% decrease YoY* *1.33%*	**$1,732** *18% increase YoY* *1.42%*
Diluted EPS[1] *% change*	**$4.03** *7% decrease YoY*	**$4.32** *20% increase YoY*	**$5.40** *3% increase YoY*	**$5.24** *20% increase YoY*

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

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FY17 Pharmaceutical segment business analysis

	FY17 ($M)	FY16 ($M)	YoY Change
Revenue	$116,463	$109,131	7%
Segment Profit	$2,187	$2,488	(12)%
Segment Profit Margin	1.88%	2.28%	-40 bps

Highlights:

- **Revenue** for the Pharmaceutical segment increased 7 percent to $116.5 billion due to growth from Pharmaceutical Distribution customers and strong performance from the Specialty Solutions business.
- **Segment profit** decreased 12 percent to $2.2 billion driven by generic pharmaceutical pricing, and to a lesser extent, the impact of the loss of Safeway and reduced levels of branded manufacturer price appreciation. These were partially offset by solid performance from Red Oak Sourcing.
- **Segment profit margin rate** decreased largely due to generic pharmaceutical pricing.

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FY17 Medical segment business analysis

	FY17 ($M)	FY16 ($M)	YoY Change
Revenue	$13,524	$12,430	9%
Segment Profit	$572	$457	25%
Segment Profit Margin	4.23%	3.68%	+56 bps

Highlights:

- **Revenue** for the Medical segment increased 9 percent to $13.5 billion due to contributions from new and existing customers and, to a lesser extent, acquisitions.
- **Segment profit** increased 25 percent to $572 million due to the contribution from post-acute solutions, Cardinal Health Branded products (including Cordis), favorability from compensation-related items and growth in distribution services.
- **Segment profit margin rate** increased due to the same factors mentioned above.

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FY17 GAAP to non-GAAP adjustments[1]

	FY 2017				FY 2016			
	Gross Margin ($M)	Operating Earnings ($M)	Net Earnings[2] ($M)	Diluted EPS[2]	Gross Margin ($M)	Operating Earnings ($M)	Net Earnings[2] ($M)	Diluted EPS[2]
GAAP	**$6,544**	**$2,120**	**$1,288**	**$4.03**	**$6,543**	**$2,459**	**$1,427**	**$4.32**
Restructuring and employee severance	-	56	36	0.11	-	25	16	0.05
Amortization and other acquisition-related costs	-	527	362	1.13	-	459	316	0.96
Impairments and (gain)/loss on disposal of assets	-	18	12	0.04	-	21	15	0.04
Litigation (recoveries)/charges, net	-	48	29	0.09	-	(69)	(42)	(0.13)
Non-GAAP	**$6,544**	**$2,769**	**$1,727**	**$5.40**	**$6,543**	**$2,895**	**$1,732**	**$5.24**
Amortization of acquisition-related intangible assets[3]	-	$392	$272	$0.85	-	$355	$233	$0.70

[1]Please see appendix for GAAP to Non-GAAP reconciliations.
[2]Attributable to Cardinal Health, Inc.
[3]Amortization of acquisition-related intangible assets is included in Amortization and other acquisition-related costs.

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FY2018 Outlook

The company presents its outlook for fiscal 2018 non-GAAP EPS and non-GAAP effective tax rate on the following pages. The company does not provide a GAAP EPS or GAAP effective tax rate outlook because it is unable to reliably forecast many of the items that the company excludes from GAAP EPS and effective tax rate to calculate them. See "Forward-Looking non-GAAP Measures" following the attached schedules for additional information.

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FY18 financial expectations

	FY2018 Outlook	FY2017 Actual
Revenue	Mid-single digit percentage growth vs. PY	$130.0B
Non-GAAP Diluted EPS	$4.85 to $5.10	$5.40

Note: Non-GAAP Diluted EPS for FY18 includes incremental discrete actions of $0.16 per share, the majority of which impacts our Pharmaceutical segment, identified since our April 18, 2017 early outlook

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FY18 corporate assumptions

	FY2018 Outlook	FY2017 Actual
Non-GAAP effective tax rate	35% - 37%[1]	32.6%[3]
Diluted weighted average Shares outstanding	319M - 320M	320M
Interest and other, net	$340M - $360M	$197M
Capital expenditures	$500M - $540M	$387M
Acquisition-related intangible amortization	~$370M or ~$0.78[2]	$392M or ~$0.85

[1]May fluctuate quarterly due to unique items affecting periods.

[2]Includes only acquisitions closed as of June 30, 2017; does not include Patient Recovery Business, which is expected to have significant impact on acquisition-related intangible amortization.

[3]FY2017 GAAP ETR 32.7%, Please see appendix for GAAP to Non-GAAP reconciliations.

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Pharmaceutical segment FY18(E)

- **Low- to mid-single digit percentage increase in revenue versus prior year**
- **Full-year segment profit down low-double digits versus prior year**

Key assumptions

- Generic drug price assumption of mid-single digit deflation for full fiscal year
- Brand drug manufacturer price assumption of 7% to 8% inflation for full fiscal year
- Incremental expense increase 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 less
- Double-digit revenue and profit growth from our Specialty business
- Full-year contribution from Cardinal Health China[1]

[1]Cardinal Health China reports in both segments, but primarily contributes to the Pharmaceutical segment

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Medical segment FY18(E)

- **High-teens percentage increase in revenue vs. prior year**
- **Strong double-digit segment profit growth vs. prior year**

Key assumptions

- Patient Recovery Business acquisition completed in July 2017, accretive to FY18; integrated into Cardinal Health Branded products upon closing
  - Assumes up to $100M inventory step-up during first half of fiscal year
- Excluding Patient Recovery Business, solid growth from remaining Medical businesses
- Second-half segment profit margin rate exceeds 6%
- Significantly reduced portion of the Veteran Affairs contract; the full effect of which began in Q4FY17
- No reinstatement of a medical device tax

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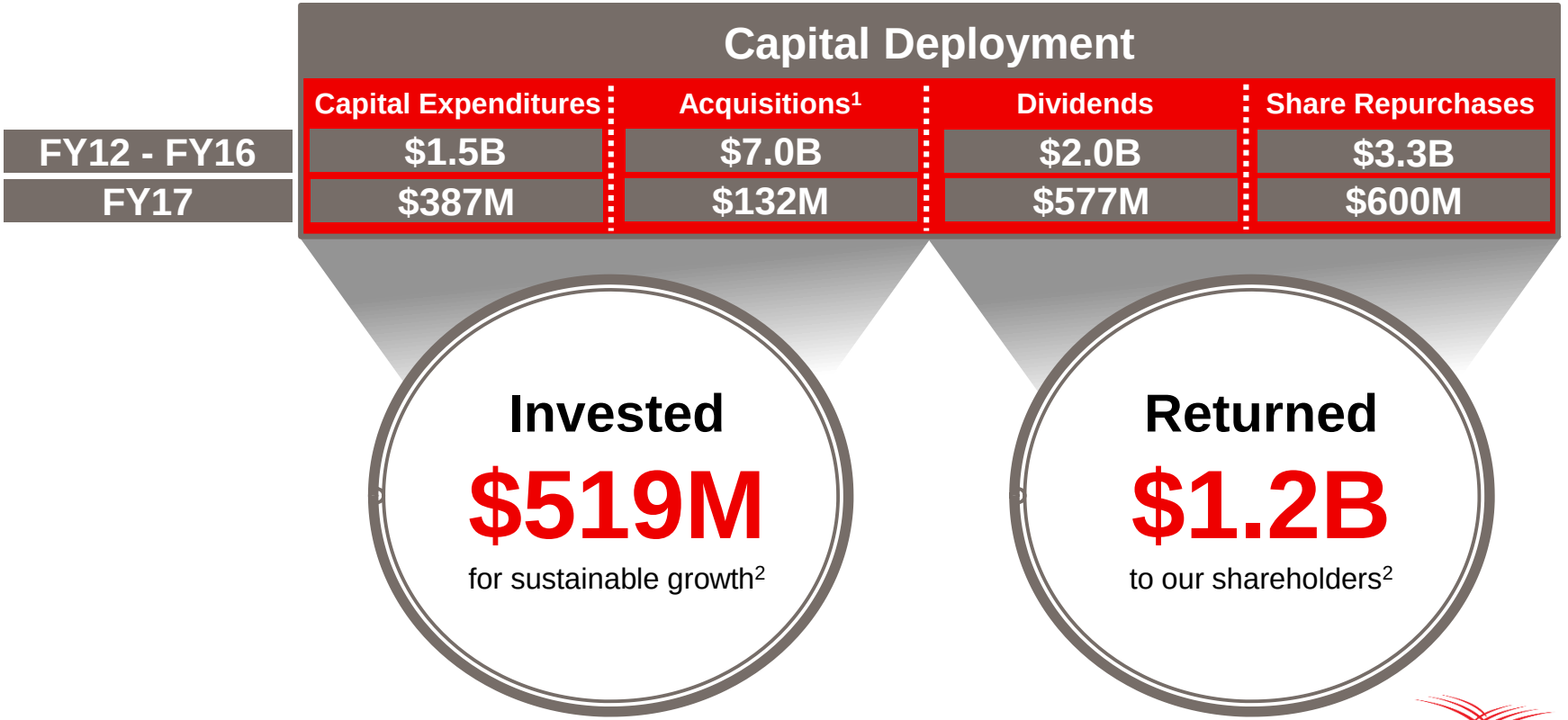
A balanced approach with capital



[1]*Acquisitions are net of divestitures; does not include $6.1B deployed for the Patient Recovery Business which closed on July 29, 2017.*
[2]*Twelve months ended 6/30/2017*

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Appendix

Q4 FY2017 trailing five quarters, GAAP to Non-GAAP reconciliation statements and supplemental financial information

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Q4 FY2017 segment analysis

Pharmaceutical segment

	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Revenue ($M)	28,177	28,762	29,743	28,406	29,552
Segment Profit ($M)	542	534	537	611	505

Medical segment

	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17
Revenue ($M)	3,210	3,279	3,410	3,418	3,416
Segment Profit ($M)	122	127	159	148	138

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Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation[1]

(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[2]	Net Earnings[2] Growth Rate	Diluted EPS[2,3,4]	Diluted EPS[2] Growth Rate
	Fourth Quarter 2017									
GAAP	**$ 1,623**	**(3)%**	**$ 439**	**(29)%**	**$ 374**	**$ 96**	**$ 274**	**(18)%**	**$ 0.86**	**(16)%**
Restructuring and employee severance	**-**		**24**		**24**	**9**	**15**		**0.05**	
Amortization and other acquisition-related costs	**-**		**163**		**163**	**45**	**118**		**0.37**	
Impairments and (gain)/loss on disposal of assets	**-**		**3**		**3**	**1**	**2**		**0.01**	
Litigation (recoveries)/charges, net	**-**		**11**		**11**	**4**	**7**		**0.02**	
Non-GAAP	**$ 1,623**	**1 %**	**$ 640**	**(1)%**	**$ 575**	**$ 155**	**$ 416**	**12 %**	**$ 1.31**	**15 %**
	Fourth Quarter 2016									
GAAP	$ 1,665	14 %	$ 620	11 %	$ 576	$ 241	$ 333	14 %	$ 1.02	16 %
LIFO charges/(credits)	(51)		(51)		(51)	(20)	(31)		(0.10)	
Restructuring and employee severance	-		6		6	2	4		0.01	
Amortization and other acquisition-related costs	-		132		132	28	104		0.32	
Impairments and (gain)/loss on disposal of assets	-		3		3	-	3		0.01	
Litigation (recoveries)/charges, net	-		(66)		(66)	(25)	(41)		(0.13)	
Non-GAAP	$ 1,614	11 %	$ 643	5 %	$ 599	$ 226	$ 372	12 %	$ 1.14	14 %

[1]For more information on these measures, refer to the Use of Non-GAAP Financial Measures and Definitions schedules
[2]Attributable to Cardinal Health, Inc.
[3]GAAP diluted EPS for the three months ended June 30, 2017 compared to the prior year period was favorably impacted by $0.21, which includes $0.19 due to change in the effective tax rate and $0.02 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).
[4]Non-GAAP diluted EPS for the three months ended June 30, 2017 compared to the prior year period was favorably impacted by $0.22, which includes $0.19 due to change in the effective tax rate and $0.03 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.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation[1]

(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[2]	Net Earnings[2] Growth Rate	Diluted EPS[2,3,4]	Diluted EPS[2] Growth Rate
	Fiscal Year 2017									
GAAP	**$ 6,544**	**- %**	**$ 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	**$ 6,544**	**- %**	**$ 2,769**	**(4)%**	**$ 2,572**	**$ 839**	**$ 1,727**	**(0)%**	**$ 5.40**	**3 %**
	Fiscal Year 2016									
GAAP	$ 6,543	15 %	$ 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	$ 6,543	15 %	$ 2,895	17 %	$ 2,711	$ 976	$ 1,732	18 %	$ 5.24	20 %

[1]For more information on these measures, refer to the Use of Non-GAAP Financial Measures and Definitions schedules
[2]Attributable to Cardinal Health, Inc.
[3]GAAP diluted EPS for the twelve months ended June 30, 2017 compared to the prior year period was favorably impacted by $0.39, which includes $0.26 due to change in the effective tax rate and $0.13 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).
[4]Non-GAAP diluted EPS for the twelve months ended June 30, 2017 compared to the prior year period was favorably impacted by $0.44, which includes $0.27 due to change in the effective tax rate and $0.17 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.
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There were no losses on extinguishment of debt during the periods presented.

Cardinal Health, Inc. and Subsidiaries
Total Company Business Analysis

(in millions)	Fourth Quarter 2017	Fourth Quarter 2016	Non-GAAP Fourth Quarter 2017	Non-GAAP Fourth Quarter 2016
Revenue				
Amount	**$ 32,966**	$ 31,384		
Growth rate	**5 %**	14 %		
Gross margin				
Amount	**$ 1,623**	$ 1,665	**$ 1,623**	$ 1,614
Growth rate	**(3)%**	14 %	**1 %**	11 %
Operating earnings				
Amount	**$ 439**	$ 620	**$ 640**	$ 643
Growth rate	**(29)%**	11 %	**(1)%**	5 %
Net earnings attributable to Cardinal Health, Inc.				
Amount	**$ 274**	$ 333	**$ 416**	$ 372
Growth rate	**(18)%**	14 %	**12 %**	12 %
Return on equity	**16.3 %**	20.0 %	**24.7 %**	22.4 %
Effective tax rate	**25.8 %**	41.8 %	**27.0 %**	37.6 %
Debt to total capital	**60 %**	46 %		
Net debt to capital			**34 %**	33 %

(in millions)	Fiscal Year 2017	Fiscal Year 2016	Non-GAAP Fiscal Year 2017	Non-GAAP Fiscal Year 2016
Revenue				
Amount	**$ 129,976**	$ 121,546		
Growth rate	**7 %**	19 %		
Gross margin				
Amount	**$ 6,544**	$ 6,543	**$ 6,544**	$ 6,543
Growth rate	**- %**	15 %	**- %**	15 %
Operating earnings				
Amount	**$ 2,120**	$ 2,459	**$ 2,769**	$ 2,895
Growth rate	**(14)%**	14 %	**(4)%**	17 %
Net earnings attributable to Cardinal Health, Inc.				
Amount	**$ 1,288**	$ 1,427	**$ 1,727**	$ 1,732
Growth rate	**(10)%**	18 %	**(0)%**	18 %
Return on equity	**19.6 %**	21.9 %	**26.3 %**	26.4 %
Effective tax rate	**32.7 %**	37.1 %	**32.6 %**	36.0 %

Refer to the GAAP/Non-GAAP reconciliation for definitions and calculations supporting the Non-GAAP balances.

Cardinal Health, Inc. and Subsidiaries
Segment Business Analysis

(in millions)	Fourth Quarter 2017	2016
Pharmaceutical		
Revenue		
Amount	**$ 29,552**	$ 28,177
Growth rate	**5 %**	14 %
Segment profit		
Amount	**$ 505**	$ 542
Growth rate	**(7)%**	1 %
Segment profit margin	**1.71 %**	1.93 %

(in millions)	Fourth Quarter 2017	2016
Medical		
Revenue		
Amount	**$ 3,416**	$ 3,210
Growth rate	**6 %**	12 %
Segment profit		
Amount	**$ 138**	$ 122
Growth rate	**13 %**	19 %
Segment profit margin	**4.03 %**	3.81 %

Refer to definitions for an explanation of calculations.

Total consolidated revenue for the three months ended June 30, 2017 was $32,966 million, which included total segment revenue of $32,968 million and Corporate revenue of $(2) million. Total consolidated revenue for the three months ended June 30, 2016 was $31,384 million, which included total segment revenue of $31,387 million and Corporate revenue of $(3) million. Corporate revenue consists primarily of elimination of inter-segment revenue and other revenue not allocated to the segments.

Total consolidated operating earnings for the three months ended June 30, 2017 were $439 million, which included total segment profit of $643 million and Corporate costs of $(204) million. Total consolidated operating earnings for the three months ended June 30, 2016 were $620 million, which included total segment profit of $664 million and Corporate costs of $(44) million. Corporate includes, among other things, LIFO charges/(credits), restructuring and employee severance, amortization and other acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net and certain investment spending that are not allocated to the segments.
The increase in corporate costs is primarily due to the change in litigation (recoveries)/charges, net driven by the lack of litigation recoveries from the prior period recurring in the current period and prior year LIFO credits that did not recur in the current period.

Cardinal Health, Inc. and Subsidiaries
Segment Business Analysis

(in millions)	Fiscal Year 2017	2016
Pharmaceutical		
Revenue		
Amount	**$ 116,463**	$ 109,131
Growth rate	**7 %**	20 %
Segment profit		
Amount	**$ 2,187**	$ 2,488
Growth rate	**(12)%**	19 %
Segment profit margin	**1.88 %**	2.28 %

(in millions)	Fiscal Year 2017	2016
Medical		
Revenue		
Amount	**$ 13,524**	$ 12,430
Growth rate	**9 %**	9 %
Segment profit		
Amount	**$ 572**	$ 457
Growth rate[1]	**25 %**	6 %
Segment profit margin	**4.23 %**	3.68 %

[1]Segment profit for the fiscal year ended June 30, 2016 includes the $43 million unfavorable impact of the Cordis-related inventory fair value step-up. Excluding this step-up, year-over-year Medical segment profit growth was 14 percent and 15 percent for the fiscal years ended June 30, 2017 and 2016, respectively.

Refer to definitions for an explanation of calculations.

Total consolidated revenue for the fiscal year ended June 30, 2017 was $129,976 million, which included total segment revenue of $129,987 million and Corporate revenue of $(11) million. Total consolidated revenue for the fiscal year ended June 30, 2016 was $121,546 million, which included total segment revenue of $121,561 million and Corporate revenue of $(15) million. Corporate revenue consists primarily of elimination of inter-segment revenue and other revenue not allocated to the segments.

Total consolidated operating earnings for the fiscal year ended June 30, 2017 were $2,120 million, which included total segment profit of $2,759 million and Corporate costs of $(639) million. Total consolidated operating earnings for the fiscal year ended June 30, 2016 were $2,459 million, which included total segment profit of $2,945 million and Corporate costs of $(486) million. Corporate includes, among other things, LIFO charges/(credits), restructuring and employee severance, amortization and other acquisition-related costs, impairments and (gain)/loss on disposal of assets, litigation (recoveries)/charges, net and certain investment spending that are not allocated to the segments.

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

(in millions)	Fourth Quarter 2017	2016
GAAP return on equity	**16.3 %**	20.0 %
Non-GAAP return on equity		
Net earnings attributable to Cardinal Health, Inc.	**$ 274**	$ 333
LIFO charges/(credits), net of tax	**-**	(31)
Restructuring and employee severance, net of tax	**15**	4
Amortization and other acquisition-related costs, net of tax	**118**	104
Impairments and loss on disposal of assets, net of tax	**2**	3
Litigation charges, net, net of tax	**7**	(41)
Adjusted net earnings attributable to Cardinal Health, Inc.	**$ 416**	$ 372
Annualized	**$ 1,664**	$ 1,486

	Fourth Quarter 2017	**Third Quarter 2017**	Fourth Quarter 2016	Third Quarter 2016
Total Cardinal Health, Inc. shareholders' equity	**$ 6,808**	**$ 6,646**	$ 6,554	$ 6,713
Divided by average Cardinal Health, Inc. shareholders' equity	**$ 6,727**		$ 6,634	
Non-GAAP return on equity	**24.7 %**		22.4 %	

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.

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

	Fiscal Year	
(in millions)	**2017**	2016
GAAP return on equity	**19.6 %**	21.9 %
Non-GAAP return on equity		
Net earnings from continuing operations attributable to Cardinal Health, Inc.	**$ 1,288**	$ 1,427
Restructuring and employee severance, net of tax	**36**	16
Amortization and other acquisition-related costs, net of tax	**362**	316
Impairments and (gain)/loss on disposal of assets, net of tax	**12**	15
Litigation (recoveries)/charges, net, net of tax	**29**	(42)
Adjusted net earnings attributable to Cardinal Health, Inc.	**$ 1,727**	$ 1,732

	Fourth Quarter	**Third Quarter**	**Second Quarter**	**First Quarter**	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
	2017	**2017**	**2017**	**2017**	2016	2016	2016	2015
Total Cardinal Health, Inc. shareholders' equity	**$ 6,808**	**$ 6,646**	**$ 6,323**	**$ 6,512**	$ 6,554	$ 6,713	$ 6,712	$ 6,505
Divided by average Cardinal Health, Inc. shareholders' equity	**$ 6,569**				$ 6,548			
Non-GAAP return on equity	**26.3 %**				26.4 %			

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.

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

(in millions)	Fourth Quarter 2017	Fourth Quarter 2016	Fiscal Year 2017	Fiscal Year 2016
GAAP effective tax rate	**25.8 %**	41.8 %	**32.7 %**	37.1 %
Non-GAAP effective tax rate				
Earnings before income taxes	**$ 374**	$ 576	**$ 1,924**	$ 2,276
LIFO charges/(credits)	**-**	(51)	**-**	-
Restructuring and employee severance	**24**	6	**56**	25
Amortization and other acquisition-related costs	**163**	132	**527**	459
Impairments and loss on disposal of assets	**3**	3	**18**	21
Litigation (recoveries)/charges, net	**11**	(66)	**48**	(69)
Loss on extinguishment of debt	**-**	-	**-**	-
Adjusted earnings before income taxes	**$ 575**	$ 599	**$ 2,572**	$ 2,711
Provision for income taxes	**$ 96**	$ 241	**$ 630**	$ 845
LIFO charges/(credits) tax benefit/(expense)	**-**	(20)	**-**	-
Restructuring and employee severance tax benefit	**9**	2	**20**	9
Amortization and other acquisition-related costs tax benefit	**45**	28	**165**	143
Impairments and loss on disposal of assets tax benefit	**1**	-	**6**	6
Litigation (recoveries)/charges, net tax benefit/(expense)	**4**	(25)	**19**	(27)
Adjusted provision for income taxes	**$ 155**	$ 226	**$ 839**	$ 976
Non-GAAP effective tax rate	**27.0 %**	37.6 %	**32.6 %**	36.0 %

	Fourth Quarter 2017	Fourth Quarter 2016
Debt to total capital	**60 %**	46 %
Net debt to capital		
Current portion of long-term obligations and other short-term borrowings	**$ 1,327**	$ 587
Long-term obligations, less current portion	**9,068**	4,952
Debt	**$ 10,395**	$ 5,539
Cash and equivalents	**(6,879)**	(2,356)
Net debt	**$ 3,516**	$ 3,183
Total Cardinal Health, Inc. shareholders' equity	**6,808**	6,554
Capital	**$ 10,324**	$ 9,737
Net debt to capital	**34 %**	33 %

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.

Cardinal Health, Inc. and Subsidiaries

Forward Looking non-GAAP Measures

In this presentation, the Company presents its outlook for fiscal 2018 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 EPS to calculate non-GAAP EPS, described above, 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 an EPS outlook. For fiscal 2018, the Company expects the acquisition of the Patient Recovery Business to significantly increase amortization and other acquisition-related costs.

The timing and amount of any of the excluded items could significantly impact the Company's fiscal 2018 EPS. Over the past five fiscal years, the excluded items have lowered the Company's EPS from $0.47 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

Definitions

Debt: long-term obligations plus short-term borrowings.

Debt to Total Capital: debt divided by (debt plus total Cardinal Health, Inc. shareholders' equity).

Interest and Other, net: other (income)/expense, net plus interest expense, net.

Net Debt: a Non-GAAP measure defined as debt minus (cash and equivalents).

Net Debt to Capital: a Non-GAAP measure defined as net debt divided by (net debt plus total Cardinal Health, Inc. shareholders' equity).

Non-GAAP Diluted EPS attributable to Cardinal Health, Inc. or "Non-GAAP Diluted EPS" or "Non-GAAP Diluted Earnings Per Share": non-GAAP net earnings attributable to Cardinal Health, Inc. divided by diluted weighted-average shares outstanding.

Non-GAAP Diluted EPS from continuing operations: non-GAAP earnings from continuing operations divided by diluted weighted-average shares outstanding.

Non-GAAP Effective Tax Rate: (provision for income taxes adjusted for (1) LIFO charges/(credits)[1], (2) restructuring and employee severance[2], (3) amortization and other acquisition-related costs[3], (4) impairments and (gain)/loss on disposal of assets[4], (5) litigation (recoveries)/charges, net[5], and (6) loss on extinguishment of debt[6]) divided by (earnings before income taxes adjusted for the same six items).

Non-GAAP Gross Margin: Gross margin excluding LIFO charges/(credits).

[1]The inventories of the Company's core pharmaceutical distribution facilities in the Pharmaceutical segment are valued at the lower of cost, using the LIFO method, or market. These charges or credits are included in cost of products sold, and represent changes in the Company's LIFO inventory reserve.

[2]Programs by which the Company fundamentally changes its operations such as closing and consolidating facilities, moving manufacturing of a product to another location, production or business process sourcing, employee severance (including rationalizing headcount or other significant changes in personnel), and realigning operations (including realignment of the management structure of a business unit in response to changing market conditions).

[3]Costs that consist primarily of amortization of acquisition-related intangible assets, transaction costs, integration costs, and changes in the fair value of contingent consideration obligations.

[4]Asset impairments and (gains)/losses from the disposal of assets not eligible to be classified as discontinued operations are classified within impairments and (gain)/loss on disposal of assets within the condensed consolidated statements of earnings.

[5]Loss contingencies related to litigation and regulatory matters and income from favorable resolution of legal matters.

[6]Charges related to the make-whole premium on the redemption of notes.

Cardinal Health, Inc. and Subsidiaries

Definitions

Non-GAAP Net Earnings attributable to Cardinal Health, Inc. or "Non-GAAP Net Earnings": net earnings attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt, each net of tax.

Non-GAAP Earnings from Continuing Operations: earnings from continuing operations excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt, each net of tax.

Non-GAAP Operating Earnings: operating earnings excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net.

Non-GAAP Return on Equity: (annualized current period net earnings attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) restructuring and employee severance, (3) amortization and other acquisition-related costs, (4) impairments and (gain)/loss on disposal of assets, (5) litigation (recoveries)/charges, net, and (6) loss on extinguishment of debt, each net of tax) divided by average Cardinal Health, Inc. shareholders' equity.

Return on Equity: annualized current period net earnings attributable to Cardinal Health, Inc. divided by average Cardinal Health, Inc. shareholders' equity.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general, and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.