Cardinal Health, Inc.

37th Annual JP Morgan Conference

Mike Kaufmann
Chief Executive Officer

JANUARY 7, 2019

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 various accruals and estimates. 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 deflation and our ability to offset generic deflation and maintain other financial and strategic benefits through our generic sourcing venture with CVS Health; our ability to manage uncertainties associated with the pricing of branded pharmaceuticals, including decreased branded inflation and possible branded price reductions; risks associated with our ability to stabilize the performance of and reduce costs associated with our Cordis business; risks associated with the acquisition of the Patient Recovery business, including the ability to successfully integrate the acquired businesses and the ability to achieve the expected synergies and accretion in earnings; the risk of non-renewal under our contracts with CVS Health or one or more other key customer or supplier arrangements or changes to the pricing or other terms of or level of purchases under those arrangements; uncertainties due to government health care reform including federal health care reform legislation or administrative action; uncertainties with respect to the recently enacted Tax Cuts and Jobs Act; changes in the distribution patterns or reimbursement rates for health care products and services; risks associated with the distribution of opioids, including the cost and risk of ongoing investigations and lawsuits by governmental and regulatory authorities as well as private plaintiffs, the financial impact of enacted and possible taxes or other assessments on the sale of opioids, and potential reputational or operational harm; 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 January 7, 2018. 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 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.

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We power our customers' missions by bringing together unmatched solutions from across our enterprise to achieve both operational and clinical success.

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Essential facts about Cardinal Health

A global, integrated healthcare products & services company

$137 billion

revenues in FY18

We operate in over

45

countries

Approximately

50,000

employees worldwide

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CardinalHealth™

Essential facts about Cardinal Health

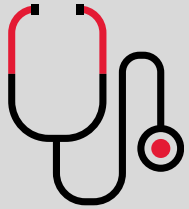
A global, integrated healthcare products and services company



We're in nearly **85%** of U.S. hospitals



We serve more than **26,000** pharmacies



We serve more than **10,000** specialty physician offices and clinics



We serve nearly **3 million** patients with more than **45,000** home healthcare products



We serve more than **6,700** labs with more than **53,000** laboratory products

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CardinalHealth™

FY18 financial summary

Revenue ($M)	$136,809
non-GAAP Operating Earnings[1] ($M)	$2,585
non-GAAP Diluted EPS[2]	$5.00
Operating Cash Flow ($M)	$2,768

[1]FY18 GAAP operating earnings $126M
[2]Attributable to Cardinal Health, Inc. FY18 GAAP diluted EPS $0.81
Please see appendix for GAAP to Non-GAAP reconciliations.

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Q1FY19 financial summary

Revenue ($M)	**$35,213**
non-GAAP Operating Earnings[1] ($M)	**$542**
non-GAAP Diluted EPS[2]	**$1.29**

[1]Q1FY19 GAAP operating earnings $816M
[2]Attributable to Cardinal Health, Inc. Q1FY19 GAAP diluted EPS $1.94
Please see appendix for GAAP to Non-GAAP reconciliations.

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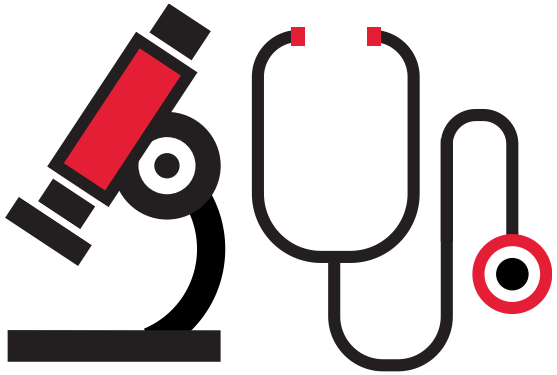
Two financial reporting segments



Pharmaceutical

FY18 revenues of **$121.2B**

FY18 segment profit of **$2.0B**



Medical

FY18 revenues of **$15.6B**

FY18 segment profit of **$662M**

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Pharmaceutical segment



Pharmaceutical

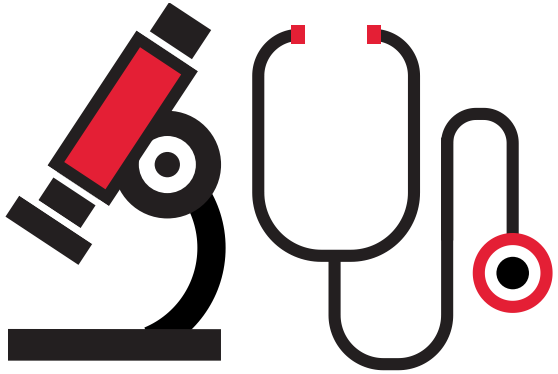
FY18 revenues of **$121.2B**

FY18 segment profit of **$2.0B**

- **Pharmaceutical Distribution**
- **Specialty Solutions**
- **Nuclear**

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Medical segment



Medical

FY18 revenues of **$15.6B**

FY18 segment profit of **$662M**

- **Medical Products**
- **Medical Products Distribution**
- **Services**

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We serve the entire continuum of care



Acute

Health systems, community hospitals, and surgery centers



Retail

Chain and retail-independent pharmacies and other merchants



Physician Offices

Physician offices and ambulatory care centers



Manufacturer/ Supplier

Manufacturers and suppliers of medical products and pharmaceuticals



Payer

Government and third party national and regional insurers



Patient

Patients/ consumers in need of medical help or wellness support

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Committed to a future of growth

Cost structure	**Cordis**	**Patient Recovery**
Pharma model	**Portfolio and partnerships**	**Capital deployment**

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We power our customers' missions by bringing together unmatched solutions from across our enterprise to achieve both operational and clinical success.

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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/ (Loss)	Operating Earnings Growth Rate	Earnings/(Loss) Before Income Taxes	Provision for/ (Benefit from) Income Taxes	Net Earnings/ (Loss)[2]	Net Earnings[2] Growth Rate	Effective Tax Rate	Diluted EPS[2]	Diluted EPS[2] Growth Rate
					Fiscal Year 2018						
GAAP	**$ 7,181**	**10 %**	**$ 126**	**(94)%**	**$ (228)**	**$ (487)**	**$ 259**	**(80)%**	**213.8 %**	**$ 0.81**	**(80)%**
Restructuring and employee severance	**—**		**176**		**176**	**25**	**151**			**0.48**	
Amortization and other acquisition-related costs	**—**		**707**		**707**	**176**	**531**			**1.69**	
Impairments and (gain)/loss on disposal of assets[5]	**—**		**1,417**		**1,417**	**(44)**	**1,461**			**4.64**	
Litigation (recoveries)/charges, net	**—**		**159**		**159**	**48**	**111**			**0.35**	
Loss on extinguishment of debt	**—**		**—**		**2**	**1**	**1**			**—**	
Transitional tax benefit, net[3]	**—**		**—**		**—**	**936**	**(936)**			**(2.97)**	
Non-GAAP	**$ 7,181**	**10 %**	**$ 2,585**	**(7)%**	**$ 2,233**	**$ 655**	**$ 1,578**	**(9)%**	**29.3 %**	**$ 5.00[4]**	**(7)%**
					Fiscal Year 2017						
GAAP	$ 6,544	—%	$ 2,120	(14)%	$ 1,924	$ 630	$ 1,288	(10)%	32.7 %	$ 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	—%	32.6 %	$ 5.40	**3 %**

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

[2]attributable to Cardinal Health, Inc.

[3]Reflects the estimated net transitional benefit from the re-measurement of our deferred tax assets and liabilities partially offset by the repatriation tax on cash and earnings of foreign subsidiaries. We have not yet completed our analysis of the impact of the Tax Act and, as such, these amounts are provisional estimates and we may record additional provisional amounts or adjustments to the provisional amounts in future periods.

[4]Non-GAAP EPS for fourth quarter and fiscal year 2018 includes a $0.07 and $0.43 benefit from applying a lower federal tax rate to our year-to-date U.S. pre-tax non-GAAP earnings. Excluding this benefit, non-GAAP EPS would have been $0.94 and $4.57 for fourth quarter and fiscal year 2018, respectively.

[5]Fourth quarter and fiscal year 2018 include a goodwill impairment charge of $1.4 billion related to our Medical segment.

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.

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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	SG&A[2]	SG&A[2] Growth Rate	Operating Earnings/ (Loss)	Operating Earnings Growth Rate	Earnings/(Loss) Before Income Taxes	Provision for/ (Benefit from) Income Taxes	Net Earnings/ (Loss)[3]	Net Earnings[3] Growth Rate	Effective Tax Rate	Diluted EPS[3]	Diluted EPS[3] Growth Rate
						First Quarter 2019							
GAAP	**$ 1,667**	**—%**	**1,155**	**9 %**	**$ 816**	**211 %**	**$ 736**	**$ 142**	**$ 593**	**416 %**	**19.4 %**	**$ 1.94**	**439 %**
State opioid assessment related to prior fiscal years	**—**		**(29)**		**29**		**29**	**8**	**21**			**0.07**	
Restructuring and employee severance	**—**		**—**		**32**		**32**	**8**	**24**			**0.08**	
Amortization and other acquisition-related costs	**—**		**—**		**156**		**156**	**36**	**120**			**0.39**	
Impairments and (gain)/loss on disposal of assets[4]	**—**		**—**		**(511)**		**(511)**	**(134)**	**(377)**			**(1.23)**	
Litigation (recoveries)/charges, net	**—**		**—**		**19**		**19**	**5**	**14**			**0.05**	
Non-GAAP	**$ 1,667**	**—%**	**$ 1,126**	**6 %**	**$ 542**	**(11)%**	**$ 461**	**$ 65**	**$ 396**	**14 %**	**14.0 %**	**$ 1.29**	**18 %**
						First Quarter 2018							
GAAP	$ 1,672	5 %	1,062	15 %	$ 262	(51)%	$ 178	$ 61	$ 115	(63)%	34.2 %	$ 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	$ 1,672	5 %	1,062	15 %	$ 610	(9)%	$ 527	$ 180	$ 346	(13)%	34.1 %	$ 1.09	**(12)%**

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

[2]Distribution, selling, general and administrative expenses.

[3]attributable to Cardinal Health, Inc.

[4]First quarter 2019 includes a $508 million gain ($378 million after-tax) related to the naviHealth divestiture

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.

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Cardinal Health, Inc. and Subsidiaries

Forward Looking non-GAAP Measures

In this document, the Company presents certain forward-looking non-GAAP metrics. The Company does not provide outlook on a GAAP basis because changes in the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure can be dependent on future events that are less capable of being controlled or reliability predicted by management and are not part of the Company's routine operating activities. Additionally, management does not forecast many of the excluded items for internal use and therefore cannot create or rely on outlook done on a GAAP basis.

The timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's fiscal 2019 GAAP results. Over the past five years, the excluded items have lowered the Company's EPS from $0.47 to $4.19, which includes a goodwill impairment charge of $4.36 per share related to our Medical segment that we recognized in fiscal 2018.

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Definitions

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

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 effective tax rate: (provision for income taxes adjusted for (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) impairments and (gain)/loss on disposal of assets, (6) litigation (recoveries)/charges, net, (7) loss on extinguishment of debt, and (8) transitional tax benefit, (net) divided by (earnings before income taxes adjusted for the first seven

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

Non-GAAP distribution, selling, general and administrative expenses or Non-GAAP SG&A: distribution, selling, general and administrative expenses, excluding state opioid assessment related to prior fiscal years.

Non-GAAP net earnings attributable to Cardinal Health, Inc.: net earnings attributable to Cardinal Health, Inc. excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) impairments and (gain)/loss on disposal of assets, (6) litigation (recoveries)/charges, net, (7) loss on extinguishment of debt, each net of tax, and (8) transitional tax benefit, net.

Non-GAAP operating earnings: operating earnings excluding (1) LIFO charges/(credits), (2) state opioid assessment related to prior fiscal years, (3) restructuring and employee severance, (4) amortization and other acquisition-related costs, (5) impairments and (gain)/loss on disposal of assets, and (6) litigation (recoveries)/charges, net.

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.

[1] LIFO charges and credits are excluded because the factors that drive last-in first-out ("LIFO") inventory charges or credits, such as pharmaceutical manufacturer price appreciation or deflation and year-end inventory levels (which can be meaningfully influenced by customer buying behavior immediately preceding our fiscal year-end), are largely out of our control and cannot be accurately predicted. The exclusion of LIFO charges and credits from non-GAAP metrics facilitates comparison of our current financial results to our historical financial results and to our peer group companies' financial results.

[2] State opioid assessment related to prior fiscal years is the portion of the New York State assessment for prescription opioid medications that were sold or distributed in periods prior to fiscal 2019 and is excluded from non-GAAP financial measures because it relates to sales in prior fiscal years and inclusion would obscure analysis of the current fiscal year results of our underlying, ongoing business. Additionally, while the New York law will require us to make payments on an ongoing basis, the portion of the assessment related to sales in periods prior to fiscal 2019 is a one-time, nonrecurring item.

[3] Restructuring and employee severance costs are excluded because they are not part of the ongoing operations of our underlying business.

[4] Amortization and other acquisition-related costs, which include transaction costs, integration costs, and changes in the fair value of contingent consideration obligations, are excluded primarily for consistency with the presentation of the financial results of our peer group companies. Additionally, costs for amortization of acquisition-related intangible assets are non-cash amounts, which are variable in amount and frequency and are significantly impacted by the timing and size of acquisitions, so their exclusion facilitates comparison of historical, current and forecasted financial results. We also exclude other acquisition-related costs, which are directly related to an acquisition but do not meet the criteria to be recognized on the acquired entity's initial balance sheet as part of the purchase price allocation. These costs are also significantly impacted by the timing, complexity and size of acquisitions.

[5] Impairments and gain or loss on disposal of assets are excluded because they do not occur in or reflect the ordinary course of our ongoing business operations and are inherently unpredictable in timing and amount, and in the case of impairments, are non-cash amounts, so their exclusion facilitates comparison of historical, current and forecasted financial results.

[6] Litigation recoveries or charges, net are excluded because they often relate to events that may have occurred in prior or multiple periods, do not occur in or reflect the ordinary course of our business and are inherently unpredictable in timing and amount.

[7] Loss on extinguishment of debt is excluded because it does not typically occur in the normal course of business and may obscure analysis of trends and financial performance. Additionally, the amount and frequency of this type of charge is not consistent and is significantly impacted by the timing and size of debt extinguishment transactions.

[8] Transitional tax benefit, net related to the Tax Cuts and Jobs Act is excluded because it results from the one-time impact during the one-year measurement period of a very significant change in the U.S. federal corporate tax rate and, due to the significant size of the benefit, obscures analysis of trends and financial performance. The transitional tax benefit includes the initial estimate and measurement period adjustments for the re-measurement of deferred tax assets and liabilities due to the reduction of the U.S. federal corporate income tax rate and the repatriation tax on undistributed foreign earnings, both of which are subject to adjustment through December 2018.

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