Cardinal Health Annual Meeting of Shareholders

DUBLIN, OHIO

November 6, 2019



CardinalHealth
Essential to care™

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

III. **Voting results**

IV. **Conclusion of formal meeting**

V. **Management presentation**

VI. **Shareholder question and answer session**

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Management presentation from CEO Mike Kaufmann

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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 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 and other components of our generics pharmaceutical program; risks associated with the distribution of opioids, including potential financial impact associated with the outcome of the ongoing lawsuits and investigations by certain governmental and regulatory authorities and the risks associated with the ongoing global settlement framework discussions, including the risk that we may fail to reach a settlement agreement or that a final settlement could require us to pay more than we currently anticipate; 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 improve the performance of our Medical segment’s Cardinal Health Brand Products business; uncertainties due to government health care reform; and risks associated with our cost savings initiatives, including the possibility that they could result in greater charges or expenses than we anticipate, could fail to achieve the desired efficiencies or strategic outcomes and could have unintended consequences, such as business disruption. 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 release reflects management's views as of November 6, 2019. 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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Our Path Forward

- Why we exist
- Where we are going
- How we will succeed
- What we value

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CardinalHealth™
Why we exist
We deliver products and solutions to improve the lives of people every day.

Where we are going

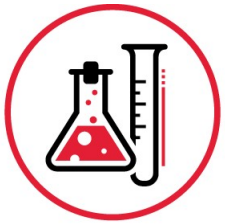
We aspire to be **healthcare's most trusted partner** by building upon our scale and heritage in distribution, products and solutions, while driving growth in evolving areas of healthcare through customer insights, data and analytics, and focusing our resources on what matters most.

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Essential facts about Cardinal Health



We serve nearly **90%** of U.S. hospitals



We serve more than **6,500** labs with nearly **51,000** laboratory products



We serve more than **29,000** pharmacies



We serve more than **3 million** patients with more than **46,000** home healthcare products



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

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FY19 highlights

Operating Performance	▪ Exceeded non-GAAP EPS guidance for the year ▪ Delivered double digit revenue and profit growth in strategic growth areas – Specialty, At Home, and Medical Services ▪ Realized cost savings of $133M, which exceeded our target ▪ Renewed contracts with CVS and Kroger for 4+ years
Capital Deployment	▪ Generated $2.7B in operating cash flow ▪ Returned $1.2B to shareholders through dividends and share repurchases ▪ Paid down $1.1B of long-term debt
Portfolio	▪ Completed the acquisitions of Mirixa® and mscripts® ▪ Finalized partnership to accelerate growth of naviHealth

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FY19 financial summary

	GAAP Basis ($M) FY19	Non-GAAP Basis ($M) FY19
Revenue *% change*	**$145,534** *6%*	**N/A**
Gross Margin *% change*	**$6,834** *(5)%*	**N/A**
SG&A *% change*	**$4,480** *(3)%*	**N/A**
Operating Earnings *% change*	**$2,060** *N.M.*	**$2,353** *(9)%*
Interest & Other[1] *% change*	**$309** *(12)%*	**N/A**
Net Earnings[2] *% change*	**$1,363** *N.M.*	**$1,589** *1%*
Diluted EPS[2] *% change*	**$4.53** *N.M.*	**$5.28** *6%*

[1] The sum of Other (income)/expense, net and interest expense, net
[2] Attributable to Cardinal Health, Inc.
Please see appendix for GAAP to Non-GAAP reconciliations.

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How we will succeed



Grow and develop our people



Prioritize our work



Optimize our core



Invest for growth

CardinalHealth™

What we value

Integrity
we hold ourselves to the highest ethical standards

Inclusive
we embrace differences to drive the best outcomes

Innovative
we develop new ways of thinking, operating and serving customers

Accountable
we bring passion, determination and grit to deliver on our commitments

Mission driven
we serve the greater goal of healthcare

CardinalHealth™

Our path forward

Why we exist

We deliver products and solutions to **improve the lives of people every day.**

Where we are going

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Thank you & questions

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Appendix

GAAP TO NON-GAAP RECONCILIATION STATEMENTS
AND SUPPLEMENTAL FINANCIAL INFORMATION

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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/ (Benefit From) Income Taxes	Net Earnings[2]	Net Earnings[2] Growth Rate	Effective Tax Rate	Diluted EPS[2,3,4]	Diluted EPS[2,3,4] Growth Rate
						Fiscal Year 2019					
GAAP	**$ 6,834**	**(5)%**	**$ 2,060**	**N.M.**	**$ 1,751**	**$ 386**	**$ 1,363**	**N.M.**	**22.1 %**	**$ 4.53**	**N.M.**
Restructuring and employee severance	—		**125**		**125**	**32**	**93**			**0.31**	
Amortization and other acquisition-related costs	—		**621**		**621**	**148**	**473**			**1.57**	
Impairments and (gain)/loss on disposal of assets	—		**(488)**		**(488)**	**(113)**	**(375)**			**(1.25)**	
Litigation (recoveries)/charges, net	—		**36**		**36**	**10**	**26**			**0.09**	
Transitional tax benefit, net	—		—		—	**(9)**	**9**			**0.03**	
Non-GAAP	**$ 6,834**	**(5)%**	**$ 2,353**	**(9)%**	**$ 2,044**	**$ 453**	**$ 1,589**	**1 %**	**22.1 %**	**$ 5.28**	**6 %**
						Fiscal Year 2018					
GAAP	$ 7,181	10 %	$ 126	(94)%	$ (228)	$ (487)	$ 256	(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	—		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			—		—	936	(936)			(2.97)	
Non-GAAP	$ 7,181	10 %	$ 2,585	(7)%	$ 2,233	$ 655	$ 1,575	(9)%	29.3 %	$ 5.00	**(7)%**

[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]GAAP diluted EPS for fiscal year 2019 compared to the prior year period was favorably impacted by the fourth quarter 2018 goodwill impairment charge related to our Medical segment, offset by the gain in fiscal 2019 of $508 million ($378 million after-tax) related to the naviHealth divestiture and the fiscal 2018 transitional benefit from the enactment of the U.S. Tax Cuts and Jobs Act.

[4]Fourth quarter fiscal 2018 GAAP diluted loss per share is calculated using a weighted average of 310 million common shares and excludes dilutive securities from the denominator due to their anti-dilutive effects resulting from our GAAP net loss for the quarter. Fourth quarter fiscal 2018 non-GAAP diluted EPS and the EPS impact from the GAAP to non-GAAP per share reconciling items are calculated using a weighted average of 312 million common shares, which includes potentially dilutive securities. The inclusion of approximately 2 million dilutive shares in the GAAP to non-GAAP per share reconciling items has a $0.02 impact on our non-GAAP EPS calculation.

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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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 reliably 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 $0.75 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. The excluded items for fiscal 2019 increased the Company's EPS by $0.75, which includes a $508 million gain ($378 million after-tax) related to the naviHealth divestiture.

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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.: 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 items).

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

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 under the Opioid Stewardship Act for prescription opioid medications that were sold or distributed in periods prior to fiscal 2019. This portion was excluded from non-GAAP financial measures because it related to sales in prior fiscal years and inclusion would have obscured analysis of the current fiscal year results of our underlying, ongoing business. Additionally, while the New York law would have required us to make payments on an ongoing basis, the portion of the assessment related to sales in periods prior to fiscal 2019 was contemplated to be a one-time, nonrecurring item. In December 2018, this assessment was declared to be unconstitutional and, as such, the charge we incurred in the three months ended September 30, 2018 was reversed during the three months ended December 31, 2018.

(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 because they are not part of the ongoing operations of our underlying business and to facilitate comparison of our current financial results to our historical financial results and to our peer group companies' financial results. 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 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 subsequent 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.

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